

Neighborhood Planning for Community Revitalization

**Organizing to Address Housing
Deterioration and Abandonment
in Central Phillips**

A CONSORTIUM PROJECT OF: Augsburg College; College of St. Catherine; Hamline University; Higher Education Consortium for Urban Affairs; Macalester College; Metropolitan State University; Minneapolis Community College; Minneapolis Neighborhood Revitalization Program; University of Minnesota (Center for Urban and Regional Affairs; Children, Youth and Family Consortium; Minnesota Extension Service); University of St. Thomas; and Minneapolis community and neighborhood representatives.

CURA RESOURCE COLLECTION

**Center for Urban and Regional Affairs
University of Minnesota
330 Humphrey Center**

Organizing to Address Housing Deterioration and Abandonment in Central Phillips

Conducted on behalf of Phillips Neighborhood Network
Prepared by
Graduate Students at the Humphrey Institute of Public Affairs
University of Minnesota
June 1999

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Organizing to Address Housing Deterioration and Abandonment in Central Phillips

A Report Commissioned by the Phillips Neighborhood Network (PNN)

June 1999

*By Students at the Hubert H. Humphrey Institute of Public Affairs
in partial completion of the requirements for
PA 5593 Neighborhood Revitalization*

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PREFACE

Several months ago, the Phillips Neighborhood Network (PNN) approached the Center for Urban and Regional Affairs (CURA) at the University of Minnesota for assistance in studying and addressing the issue of housing deterioration and abandonment. More specifically, PNN was interested in creating a block club collaboration to tackle the issue in an 8-block area of central Phillips. CURA asked graduate students in Professor Ed Goetz's Neighborhood Revitalization class to prepare a report that would achieve three objectives:

1. Assess the factors that lead to housing deterioration,
2. Identify strategies that have been used in other neighborhoods to halt deterioration and improve conditions, and
3. Offer strategies that could be undertaken by the block clubs in the 8-block study area.

This report attempts to meet these objectives by providing an overview of relevant literature, an initial assessment of housing in the area, information on the importance of social capital, and a series of strategies and resources that may be helpful. The contents of this report are intended to be a resource to help supplement local efforts to address housing deterioration and abandonment.

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CHAPTER 1

A BRIEF HISTORY OF PHILLIPS



Phillips Neighborhood is a culturally rich and diverse area of Minneapolis with over 17,000 residents. Despite the fact that the neighborhood has two high schools offering over 10,000 jobs, it has one of the highest unemployment rates in Minnesota. Many homes surrounding Honeywell and Abbott Northwestern have either been abandoned or fall into a state of disrepair by absentee property owners. A lack of investment in infrastructure left Phillips to decay as the new area was associated with high crime, drug sales, and depressed real estate. In response to the escalation of crime in 1996, when over forty homicides occurred, state troopers were sent into the area to patrol the streets. Though safety has improved since then, the Phillips residents continue to take a stand against crime by

INTRODUCTION

the federal government to declare Phillips a Federal Disaster Area.

Though always a place where diversity reigned, Phillips was not always synonymous with poverty and crime. Phillips enjoyed political clout and money during the early twentieth century. As the residence of many influential business leaders, it received the first paved street in Minneapolis. It once was a place where the wealthiest people lived along side their employees. White lumber and flour houses constructed and maintained their mansions along Portland and Park Avenues. Immigrant workers from Northern Europe built their leases out of Chicago. Although the inexpensively constructed immigrant homes were designed in 1900 to last a decade or two, many of them still stand today.

Phillips fortunes began to change after the World War II. With the increased mobility of Americans after the war and the federal government's monetary support for new home purchases by its veterans, Phillips youth began to move in droves to areas outside of the city. With the growth of suburban communities surrounding Minneapolis, the streets of Portland, Park, Chicago, and Third Avenues were converted into one-way routes that fragmented the community. These routes currently serve over 10,000 motorists a day. In addition, two major freeways were constructed in the neighborhood isolating it from centers of commerce and industry. And, though it was once a place where families

A BRIEF HISTORY OF PHILLIPS

The Phillips Neighborhood is a culturally rich and diverse area of Minneapolis that is home to over 17,000 residents. Despite the fact that the neighborhood has two major employers offering over 10,000 jobs, it has one of the highest unemployment rates in Minnesota. Many homes surrounding Honeywell and Abbott Northwestern have either been abandoned or left in a state of disrepair by absentee property owners. A lack of investment in infrastructure left Phillips to decay into an area now associated with high crime, drug sales, and depressed real estate. In response to the escalation of crime in 1996, when over forty homicides occurred, state troopers were sent into the area to patrol the streets. Though safety has improved since then, the Phillips residents continue to take a stand against crime by seeking the support of the governor and the federal government to declare Phillips a Federal Disaster Area.

Though always a place where diversity reigned, Phillips was not always synonymous with poverty and crime. Phillips enjoyed political clout and money during the early twentieth century. As the residence of many influential business families, it received the first paved streets in Minneapolis. It once was a place where the wealthiest people lived along side their employees. While lumber and flour barons constructed and maintained their mansions along Portland and Park Avenues, immigrant workers from Northern Europe built their homes east of Chicago. Although the inexpensively constructed immigrant homes were designed in 1900 to last a decade or two, many of them still stand today.

Phillips fortune began to change after the World War II. With the increased mobility of Americans after the war and the federal government's monetary support for new home purchases by its veterans, Phillips youth began to move in droves to areas outside of the city. With the growth of suburban communities surrounding Minneapolis, the streets of Portland, Park, Chicago, and Franklin were converted into commuter routes that fragmented the community. These routes currently serve over 10,000 motorists a day. In addition, two major freeways were constructed in the neighborhood isolating it from centers of commerce and industry. Although it was once a place where families

could enjoy peace and quiet away from the busy downtown area, it had become an area associated with inner city blight and seen as a region to traverse through rather than to live in.

The growth of suburbia also led to the decentralization of economic opportunities and the concentration of poverty. Whereas in the past many manufacturing jobs were conveniently positioned along the Mississippi River in Minneapolis and in areas such as the Phillips Neighborhood, the combined effects of tax incentives, property values, zoning, and accessibility to transportation and workers lead to the relocation of these jobs to the suburbs. In addition to the loss of entry-level positions in the Phillips Neighborhood, wealth shifted to the fringes when the returning veterans moved their families to the suburbs. This left behind older individuals and a plethora of families that could not afford to move out. In addition, with the migration of American Indians from the reservations into Phillips in the 50s and 60s, refugees in the 70s, Southeast Asians in the 80s, and Somolians in the 90s, communication barriers became an issue which fragmented the area socially.

With suburbanization, Phillips became a neighborhood primarily made up of renters. Because of this and changes in the tax code, the housing stock in Phillips began to decay. Since few of the single family homes in the neighborhood were occupied by the owner, many of the homes were torn down during the 60s and 70s to make room for large apartment buildings. Of the homes that remained into the 80s, tax changes regarding rental properties led to a disinvestment in the units because the operating costs of renting the home became too expensive.

With the housing stock in decay and the neighborhood socially divided, Phillips became prone to crime. Drug dealers came into the area and began to occupy and stake their territory. As the profitability of the drug trade grew, territorial disputes became prevalent with drive by shootings and homicides.

The neighborhood is changing however. Through the coordinated efforts of certain block clubs, corporations, and the government, crime is decreasing, the housing stock is improving, and jobs are returning. Currently, there is national recognition of the issues facing Phillips. In addition to efforts by state representatives and senators, the

Clinton Administration and the U.S. Attorney's Office have been working to revitalize Phillips as a neighborhood where families can feel safe to live.

Corporate investment has led to the creation of new jobs at Abbott Northwestern for entry level workers and new housing near Honeywell. The Phillips Park Initiative has begun the renovation of three Park Avenue mansions and the construction of over forty-five owner occupied duplexes and condominiums near the mansions. Developments of new economic opportunities are in the planning process in the old Sears building near 26th and Chicago to complement the housing being constructed and improvements to park space.

Although crime is still relatively high, life in the Phillips Neighborhood is improving. With a seventy-five percent decrease in the number of homicides in the area over the past three years and the growing investment in the area, the neighborhood is becoming a more desirable and safe place to live, work, and play. Now that crime is coming under control, the next great challenge for the residents of Phillips is to halt the deterioration of their housing stock and begin the process of revitalization.

STATISTICAL PROFILE OF PHILLIPS

Demographics of Phillips:

of people: 17,247
Ethnicities: 46.3% White
23.1 % American Indian
20.7 % Black
8.2 % Asian
3.9 % Hispanic
1.4 % Mixed
23% have lived in the neighborhood for less than 6 months
49% of the population earn less than the federal poverty level
10,600 jobs are located in the Phillips area with
1,400 available entry-level positions
5% of jobs in Phillips are held by Phillips residents
86% of the neighborhood's residents are renters

Housing Profile:

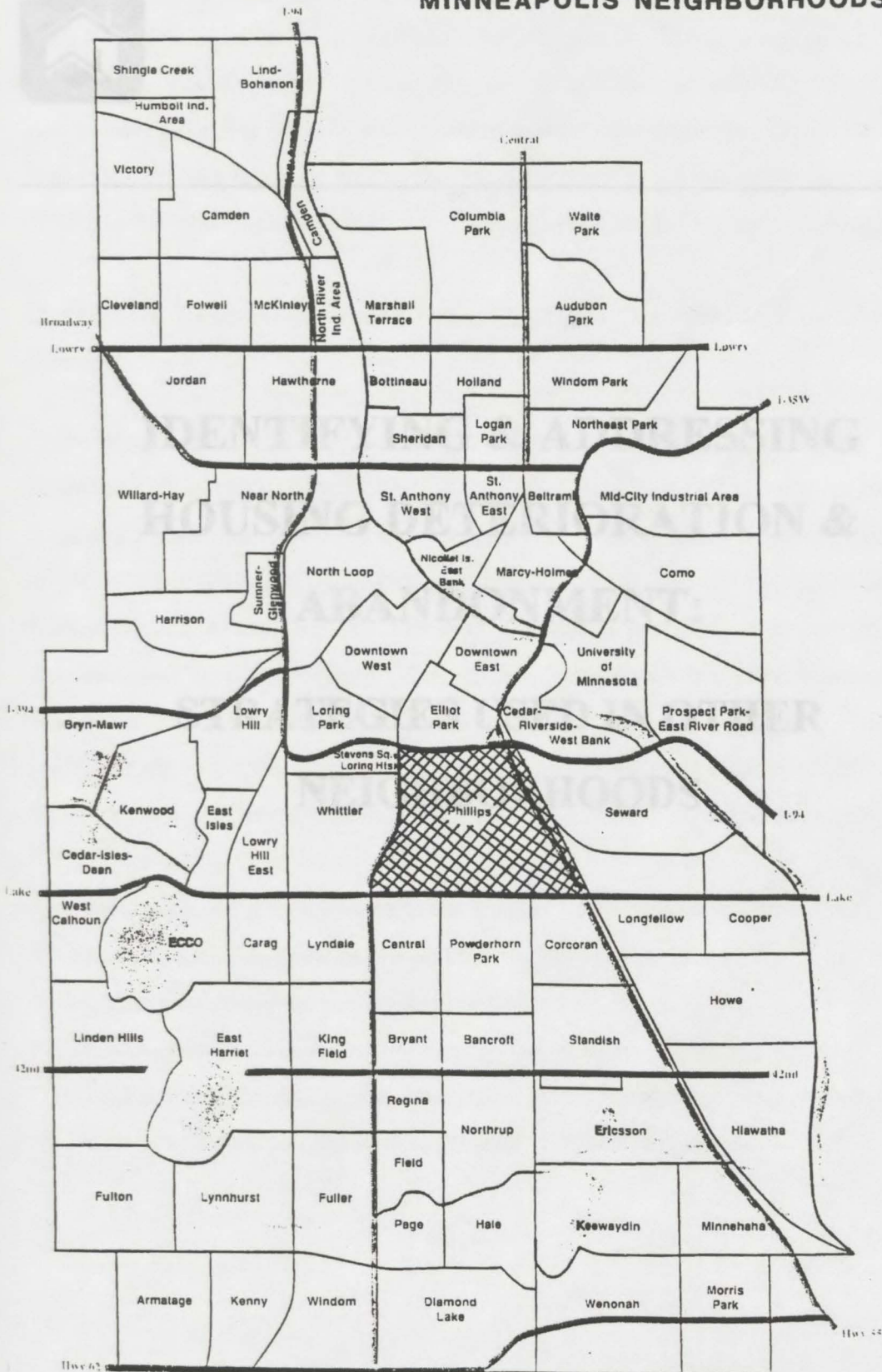
Total units (1990):	7,611
Occupied Housing Units:	6,586
Single-family detached homes:	14%
Single-family attached homes:	4%
Median home value:	\$46,600
Median year structure built:	1941
Medium gross rent:	\$356
Owner-occupied units:	19%

Population:

Population (1990):	17,247
Households:	6,307
People over 65 years:	13%
Median age:	29
People below poverty level:	50%
Residents with at least a BA/BS:	15%
Median household income:	\$12,254
Mean travel time to work:	19 minutes

Sources: Center for Urban and Regional Affairs at the University of Minnesota;
Hennepin County Department of Economic Assistance Hennepin County Office of
Planning and Development; Minneapolis Planning Department; Ken Meter/Crossroads
Resource Center; U.S. Census Bureau (1998).

MINNEAPOLIS NEIGHBORHOODS



CHAPTER 2



Housing deterioration and abandonment is a growing issue in nearly every large city nation. Many studies have been conducted on this phenomenon and indicators have been developed as a means of identifying homes that have the potential to be abandoned. The purpose of this literature review is to provide a starting point of research and analysis regarding housing abandonment in other neighborhoods. From these studies, policies could be able to identify, assess similarities with other communities and utilize techniques implemented by other residents to combat housing abandonment.

PREDICTING HOUSING ABANDONMENT: CREATING AN EARLY WARNING SYSTEM

**IDENTIFYING & ADDRESSING
HOUSING DETERIORATION &
ABANDONMENT:
STRATEGIES USED IN OTHER
NEIGHBORHOODS**

The study found the following factors associated with housing abandonment:

- Lower property values leading to the erosion of the property tax base
- Maintenance costs associated with repairing older structures
- Excessive costs of properties that are beyond repair
- Secondary impacts of depressed surrounding property values and tax revenues
- The discouragement of private investment by maintaining property values
- Damage to the overall physical appearance of the neighborhood

INTRODUCTION

Housing deterioration and abandonment is a growing issue in nearly every large city across the nation. Many studies have been conducted on this phenomenon and indicators have been developed as a means of identifying homes that have the potential to be abandoned. The purpose of this literature review is to provide a starting point of research and articles regarding housing abandonment in other neighborhoods. From these resources, Phillips might be able to identify some similarities with other communities and utilize techniques implemented by other residents to combat housing abandonment.

PREDICTING HOUSING ABANDONMENT IN CENTRAL: CREATING AN EARLY WARNING SYSTEM

Minneapolis' Central neighborhood is a 72-block area in Midtown South Minneapolis. In 1995, the neighborhood's NRP Action Plan determined that one of the largest problems contributing to the urban decline in the area was abandoned housing. In an effort to find an effective solution to this problem, the Central Neighborhood Improvement Association (CNIA) Housing Committee formed a subcommittee called the Boarded and Vacant Task Force. This task force produced a study that addressed abandoned housing in Central.

The study found that housing abandonment "has a far more deleterious affect on an area than simply a loss of housing stock" (Mardock, 1995). These affects included:

- ◆ Lower property values leading to the erosion of the property tax base
- ◆ Maintenance costs associated with securing vacant structures
- ◆ Demolition costs of properties that are beyond repair
- ◆ Secondary impacts of depressed surrounding property values and tax revenues
- ◆ The discouragement of private investment by surrounding property owners
- ◆ Damage to the overall physical appearance of the neighborhood

The study also determined that housing abandonment occurs in three stages:

- ♦ Psychological abandonment – occurs when the property owner's lack of interest in the future of the neighborhood results in a reluctance to invest in their property.
- ♦ Fiscal abandonment – occurs when the disinterested property owner no longer fulfills financial obligations to the property such as tax and utility payments
- ♦ Physical abandonment – occurs when the prolonged psychological and fiscal abandonment turns into a deteriorated, vacant/boarded-housing unit.

The task force created six risk indicators to assess the abandonment risks in their neighborhood. They derived the indicators from literature on housing abandonment, interviews with residents and case studies on currently abandoned properties in the neighborhood. The following indicators were used to conduct the assessments:

1. property tax delinquency
2. water arrears
3. poor building condition
4. non-owner occupancy
5. proximity to abandoned properties
6. proximity to high crime areas

With these indicators (and corresponding values assigned to each), Central was able to assess each property in the neighborhood and give it a "risk score". Once each building was scored the information was compiled in a database with GIS capability. This information was transformed into maps of severe, high and moderate risk properties so trends could be analyzed.

While this study yielded useful information and strategies for identifying housing that is at risk of abandonment, it was also the first step in a larger process of neighborhood revitalization.

The recommendations for the CNIA are as follows:

- ◆ Continue to maintain and update the central neighborhood database
- ◆ Develop action strategies for dealing/intervening with at-risk properties
- ◆ Further investigate individual situations of at-risk properties
- ◆ Continue to work toward the development of strong block clubs
- ◆ Publicize the positive aspects of the neighborhood in order to avoid "psychological abandonment"

ABANDONMENT OF CLEVELAND'S HOUSING STOCK AND POTENTIAL FOR REDEVELOPMENT OF VACANT LAND

Cleveland, Ohio experienced an acceleration of housing abandonment in the 90's. These "booms" in housing abandonment translated into a projected 20 percent decline the number of households in Cleveland. Why was this phenomenon occurring? It was attributed to a growth in housing options in the first ring suburbs, right outside of the central city which was perceived to be in decline. This movement from the central city to the suburbs in Cleveland was given the term "filtering". Filtering occurs when the housing options on the urban fringe increase allowing households, who want to live in or near the central city, to make a preferred move.

The Urban Center at the Maxine Goodman Levin College of Urban Affairs (Cleveland State University) began to study the patterns of abandonment and the causes of filtering from the central city. The Housing Policy Research Program, as it was called, concluded that abandonment "does not occur only because housing units grow old and deteriorate. Nor does abandonment occur primarily because professional landlords with large holdings intentionally "milk" their rental properties" (Hoffman, 1990). They found that it was a combination of the filtering process being propelled by the increase in housing options in the metropolitan periphery and perceptions about neighborhood conditions in the central city.

A major product of the study, which was similar to the Central study on a larger scale, was the strategies offered to communities to respond to housing abandonment issues in

the 1990's. The Housing Policy Research Program found that it was important that communities coordinate their actions with various government agencies, community groups and private investors. "Agreement among all these [social institutions] on the basic goals and strategies for fighting housing abandonment is essential" (Hoffman, 1990). The five strategies that Cleveland discovered were necessary and essential are as follows:

1. **Limited public resources and specific government activities should be focused on targeted areas so that the greatest potential impact is achieved.** If action plans are indiscriminately implemented in a given area, their impact will be diluted. In order to attract private investment, condensing resources and focusing on a particular area to make a noticeable impact is important.
2. **Public investment activity should be focused on areas with the strongest housing markets.** Efforts should be focused on areas that are in the early stages of neighborhood decline first since it is easier to stop the abandonment trend in these areas and then move to the areas that are in progressive stages of urban decline.
3. **Policies aimed at preventing abandonment should be flexible and based on a neighborhood's current conditions.** Once a community has partnered with the government, housing policies that are developed to address abandonment should not be general. These policies should be "reviewed and refined to accommodate unique changing housing markets" (Hoffman, 1990).
4. **Neighborhood community development corporations (CDCs) should be well integrated into the policy making process.** The assumption here is that CDCs in a given neighborhood will be made up of primarily residents of the neighborhood. In that case, integrating CDCs into the policy making process will ensure that the voice of the community is heard.

5. **A public/private partnership should be cultivated with the goal of improving some neighborhood housing markets, block-by-block if necessary, until healthy markets exist in formerly declining areas and public subsidies are no longer necessary.** Successful partnerships will result in continued collaborations in redevelopment until a neighborhood can defer to private investment when it is attracted to a redeveloped area.

This study also outlined policies/recommendations that could assist a neighborhood in retarding the spread of housing abandonment. They are straightforward, but require the assistance of the government in implementation. They are:

1. **Targeted quick foreclosure on tax delinquent properties.** Possibly a policy could be developed that will turn that land over to the neighborhood CDC. Also, this recommendation comes with exceptions in cases where the owner is committed to property maintenance.
2. **Increasing taxes on vacant land.** Privately owned land usually provides low incentives to find a better use for vacant lots, considering taxes are the same or lower whether they are developed or not. Higher taxes on vacant land will give property owners a "nudge" to find a better use for the land.
3. **Stabilizing the level of public support for housing.** Petition the local government to make more CDBG funds available to community organizations that demonstrate that housing abandonment and urban decline threaten their neighborhoods vitality.
4. **Encourage neighborhood participation.** Neighborhood organizations need to involve themselves as much as possible in any community initiatives that take place by making public agencies aware of their presence and being persistent in the movement to be heard and involved in implementation processes.

The primary theme throughout this piece of literature is "partnerships". Cleveland was able to make enormous amounts of change because the communities were able to work with the government, public agencies and private firms to fight urban decline and

housing abandonment. It is no small feat to create these partnerships, but once the foundation is laid for them the greatest benefit can be seen in a holistic approach to neighborhood revitalization.

CONCLUSION

There are many lessons to be learned about the issue of housing abandonment. Various cities across the nation have taken up efforts to combat housing deterioration and abandonment. The Central Neighborhood and Cleveland, Ohio cases are good models to examine and refer to in starting a community-based initiative to deal with housing abandonment. Key starting points for a community interested in addressing housing issues are outlined above, but by no means are these recommendations or cases the "perfect fit" for any community. In the bibliography section of this review, other case studies and readings are listed that could assist in developing alternative models.

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CHAPTER 3



Much like the Central Neighborhood and Cleveland (CN), the area in Phillips
Bloomington Avenue, East 26th Street, 17th Avenue South, and East 26th
many issues of abandoned housing and vacant lots. In order to identify
at the 8-block study area can use to address abandoned housing, we
conducted an initial visual assessment of existing housing. In addition, we created an
inventory of community gardens and vacant lots. This process took place as an
initial assessment of the neighborhood until a more thorough assessment is completed
by the Center for Urban and Regional Affairs (CURA). CURA plans ongoing this
examination during the summer of 1999.

AN INITIAL ASSESSMENT OF THE 8-BLOCK STUDY AREA

Ten home features were chosen for general analysis of the 8-block study area. The
following features were chosen: 1) as visible from the street, and 2) as visible from the

- Fronting Walls
- Steps
- Yards
- Roofs
- Eaves
- Walls
- Windows
- Doors
- Porches
- Fences

These features were chosen for several reasons. They are the most easily visible from
the street or from the sidewalk, normally to passersby, but also to residents and visitors to the
community as well. They are features that can be easily observed for needed repairs
while still allowing for individuality among buildings and showing different styles of
architecture.

INTRODUCTION

Much like the Central Neighborhood and Cleveland, OH, the area in Phillips bounded by Bloomington Avenue, East 28th Street, 12th Avenue South, and East 26th Street is facing issues of abandoned housing and vacant lots. In order to identify strategies that the 8-block study area can use to address abandoned housing, we conducted an initial visual assessment of existing housing. In addition, we took an inventory of community gardens and vacant lots. This cursory study can serve as an interim assessment of the neighborhood until a more thorough examination is completed by the Center for Urban and Regional Affairs (CURA). CURA plans conduct this examination during the summer of 1999.

METHODOLOGY

Ten home features were chosen for general analysis in the 8-block study area. The following features were evaluated on each home:

- ◆ Retaining Walls
- ◆ Steps
- ◆ Yards
- ◆ Roofs
- ◆ Eaves
- ◆ Walls
- ◆ Windows
- ◆ Doors
- ◆ Porches
- ◆ Fences

These features were chosen for several reasons. They are the most easily visible from a car or from the sidewalk, not only to assessors, but to neighbors and visitors to the community as well. They are features that can be easily evaluated for needed repairs while still allowing for individuality among buildings and among different styles of architecture.

A numerical scale was used to represent the condition of each feature. It was then applied to the homes in the 8-block study area to provide a subjective overview of the characteristics of specific homes, individual blocks, and the study area in general. The numerical scale was as follows:

- ♦ **Zero** – If a home received a zero for any feature it was because the home did not have that feature. This was most common for the “outer” features like retaining walls, steps, and fences. Occasionally a roof received a zero if there was no way to see the roof or if it was a flat roof disallowing any viewing.
- ♦ **One** – A home received a one for a feature if that feature was in good repair and required no upgrades either for use or for aesthetics. Approximately two-thirds of all features on the homes in the eight-block study area received ones.
- ♦ **Two** – When a feature received a score of two it was in need of modest repair for either functional or aesthetic reasons. For example, a window would receive a two if the paint on its trim was peeling. Or a retaining wall would receive a two if the stones were cracked and loose, but not if it was bulging out which indicates that more substantial work needs to be done. Two was the second-highest assigned score, and four fifths of all features received either a one or a two, or did not have a particular feature.
- ♦ **Three** – A feature received a score of three when it needed repairs to meet basic standards of safety or aesthetics. For example, broken windows received scores of three because they are dangerous, as well as give the neighborhood a feeling of disrepair. Very few features in the eight-block area received a score of three. Less than one-tenth of all features were scored with a three.
- ♦ **Four** – A home’s features received scores of four only if it was irreparable. For example, one burned-down home on 15th Avenue South received fours for all of its features because the home was so badly damaged there was no possibility of repair. There were very few homes that received any fours in their evaluation.

Businesses or other non-residential lots such as parking lots or churches were not evaluated. Apartment buildings were evaluated in the same manner as single and multiple-family homes. Vacant lots and community gardens were also inventoried.

FINDINGS

In general, the condition of much of the housing in the eight-block study area was good. The average score of all features of all homes in the study area was 1.32, indicating that in most cases homes were in good repair. However, there were many homes in the study area that were in much worse condition. There were 29 homes that had an average score greater than 1.6, and eight of these had average scores higher than 2.0. A search of Hennepin County property records indicated that 37 lots in the study area are vacant. Four community gardens were observed.

The features that tended to receive the best ratings were yards, doors, fences, and retaining walls. The features that tended to receive the worst ratings were walls, porches, windows, and eaves. Aggregate findings are shown in Figures 1 and 2.

Eight-Block Study Area

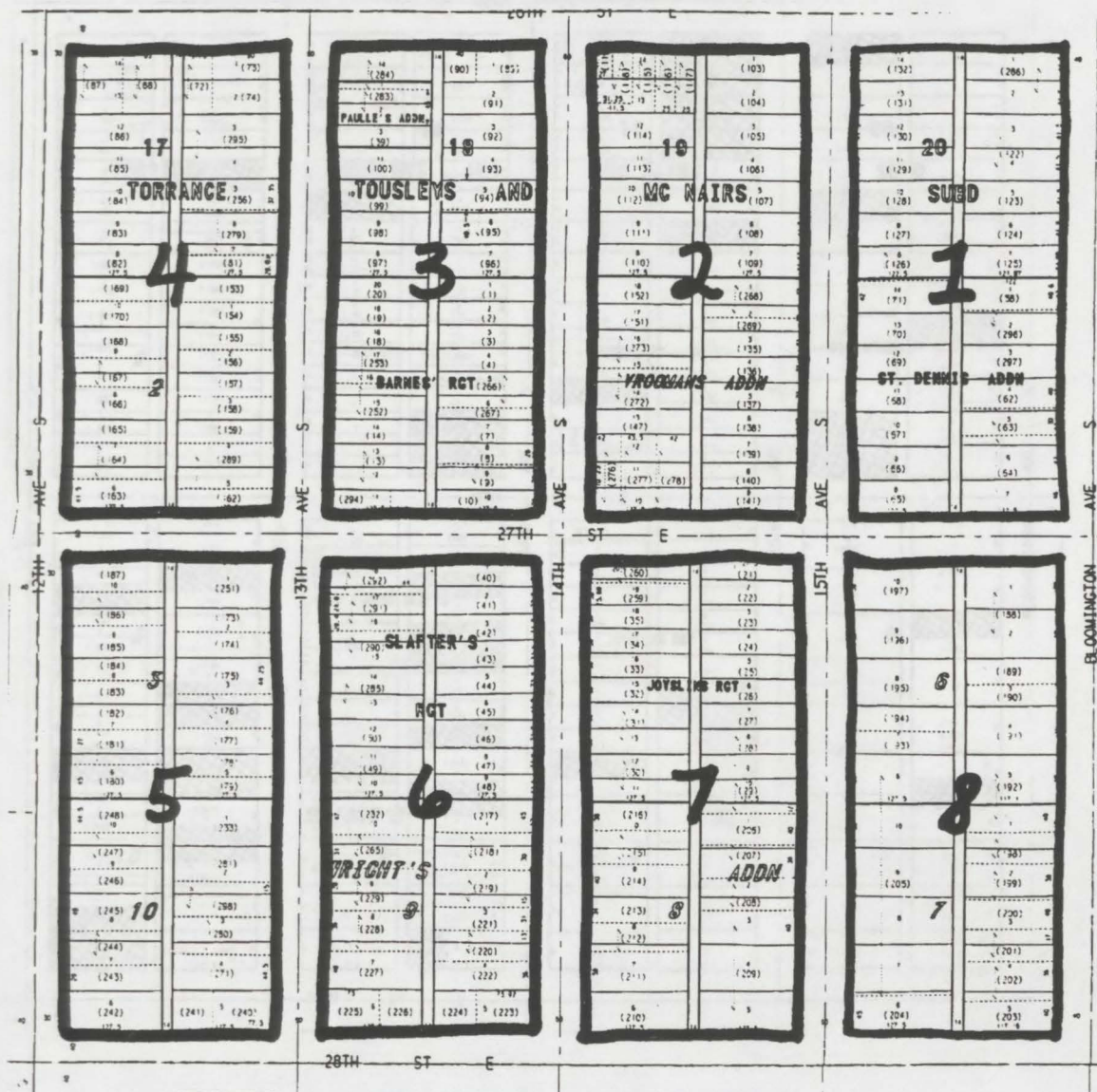
2700 14th Street, Minneapolis, MN 55407

Zoom Out ◀ ◀ ◀ ◀ ◀ ◀ ◀ ◐ ▶ ▶ Zoom In

Printable Map



Block Numbering System



Vacant Lots

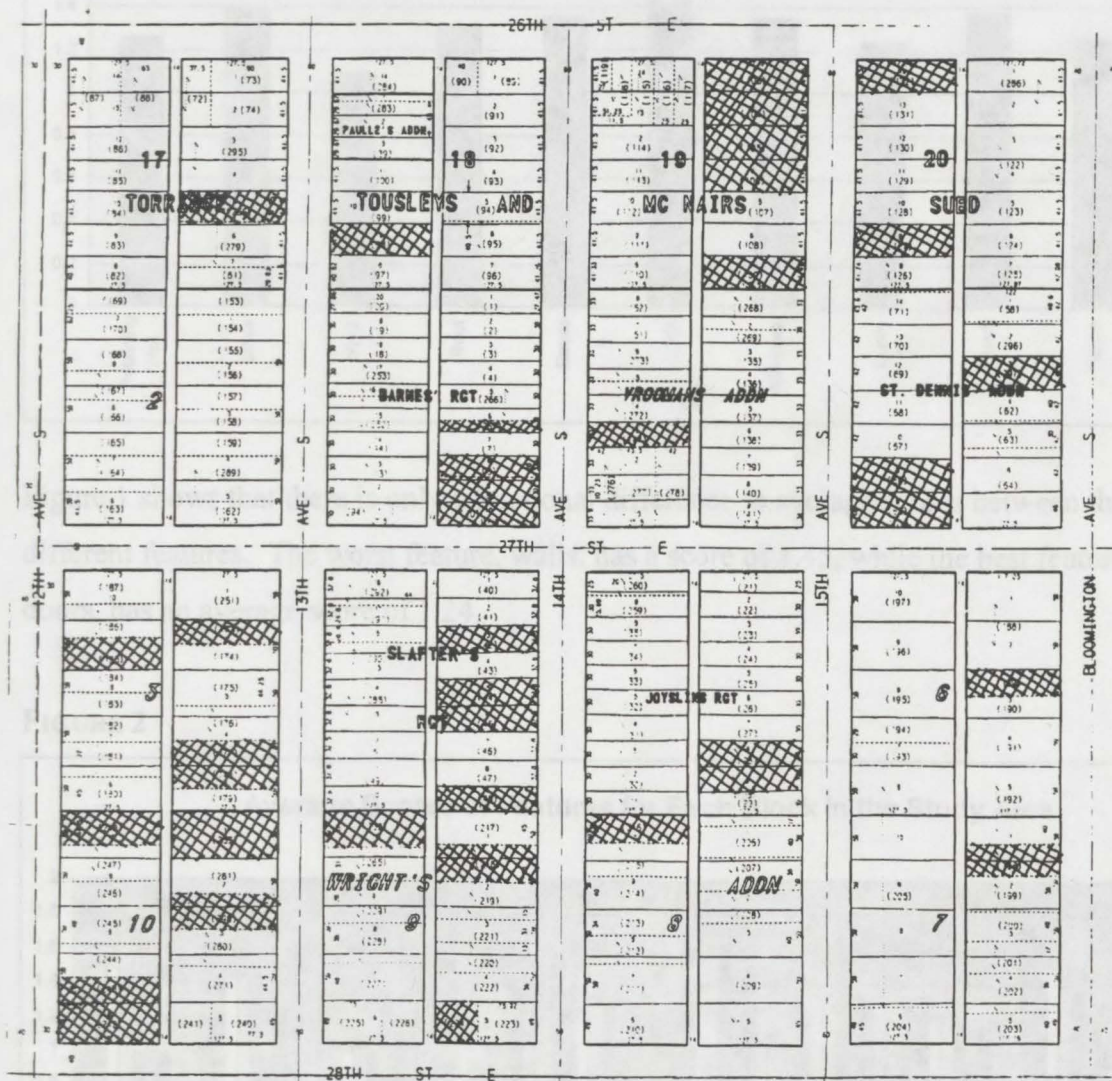


FIGURE 1

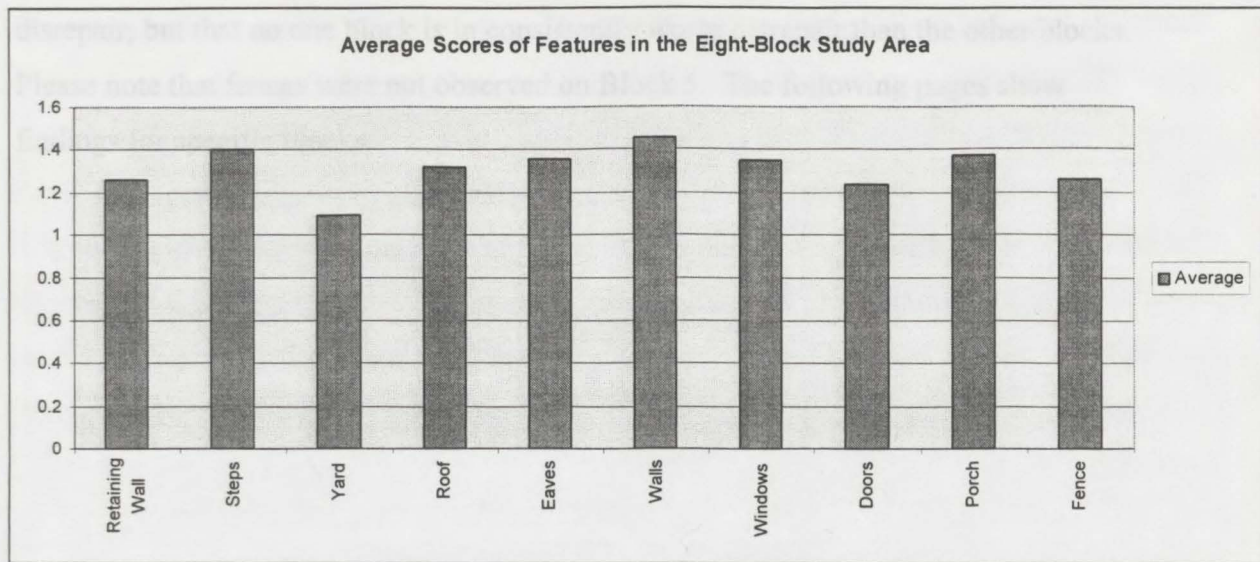


Figure 1 shows that there is only a fractional difference in average scores between the different features. The worst feature, walls, has a score of 1.45, while the best feature, doors, has an average score of 1.24.

FIGURE 2

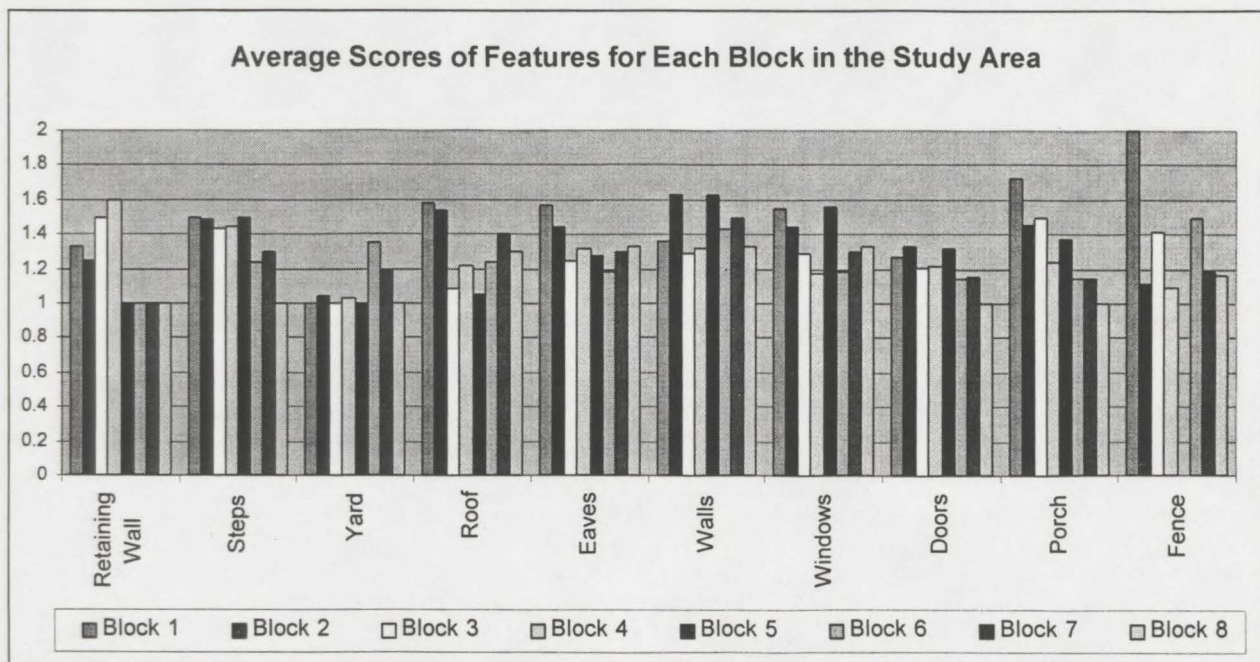


Figure 2 shows that each block has different features that are in good condition and in disrepair, but that no one block is in consistently worse disrepair than the other blocks. Please note that fences were not observed on Block 5. The following pages show findings for specific blocks.

BLOCK 1

Block 1 is bordered by Bloomington Avenue South on the east, 26th Street East on the north, 15th Ave. South on the west, and 27th Street East on the south. Several of the properties on Bloomington Avenue contain businesses, particularly on 26th Street East. The rest of the homes on Bloomington Avenue are duplexes and triplexes. In addition, there is a three-story apartment building on 27th Street East, which we have evaluated like the other residential properties. The rest of the block contains single- and multi-family homes.

FIGURE 3

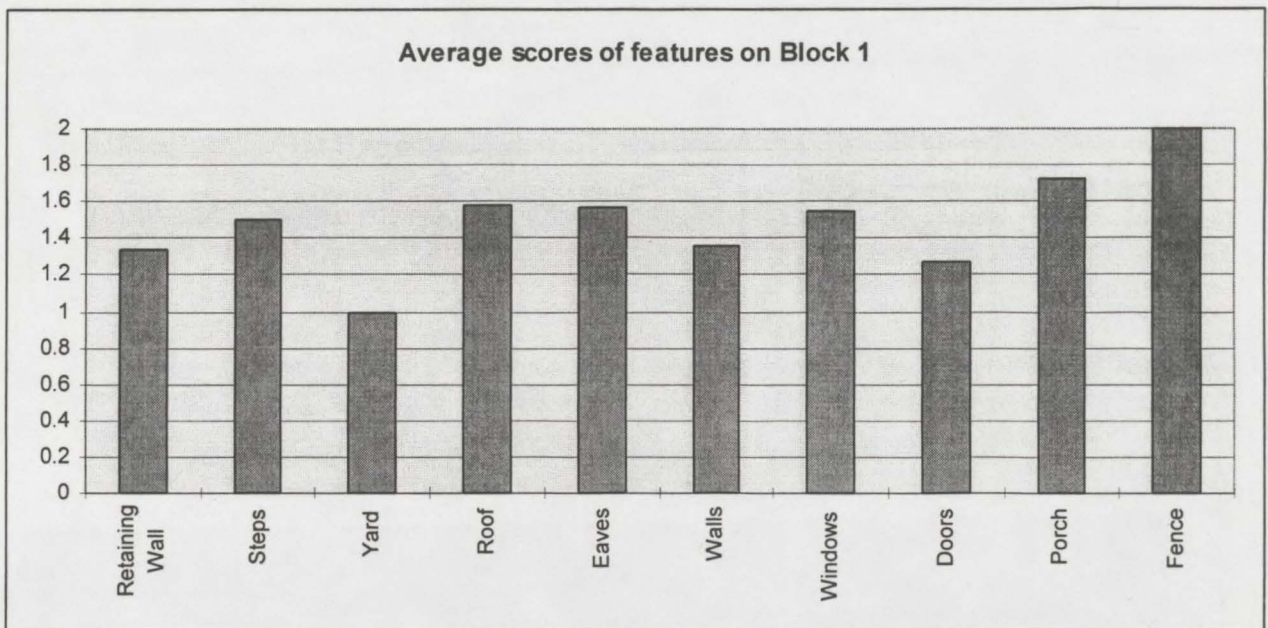


Figure 3 shows that Block 1 had fences that were in relative disrepair, but that other features were in good condition. Other observed characteristics of Block 1 are shown in Table 1.

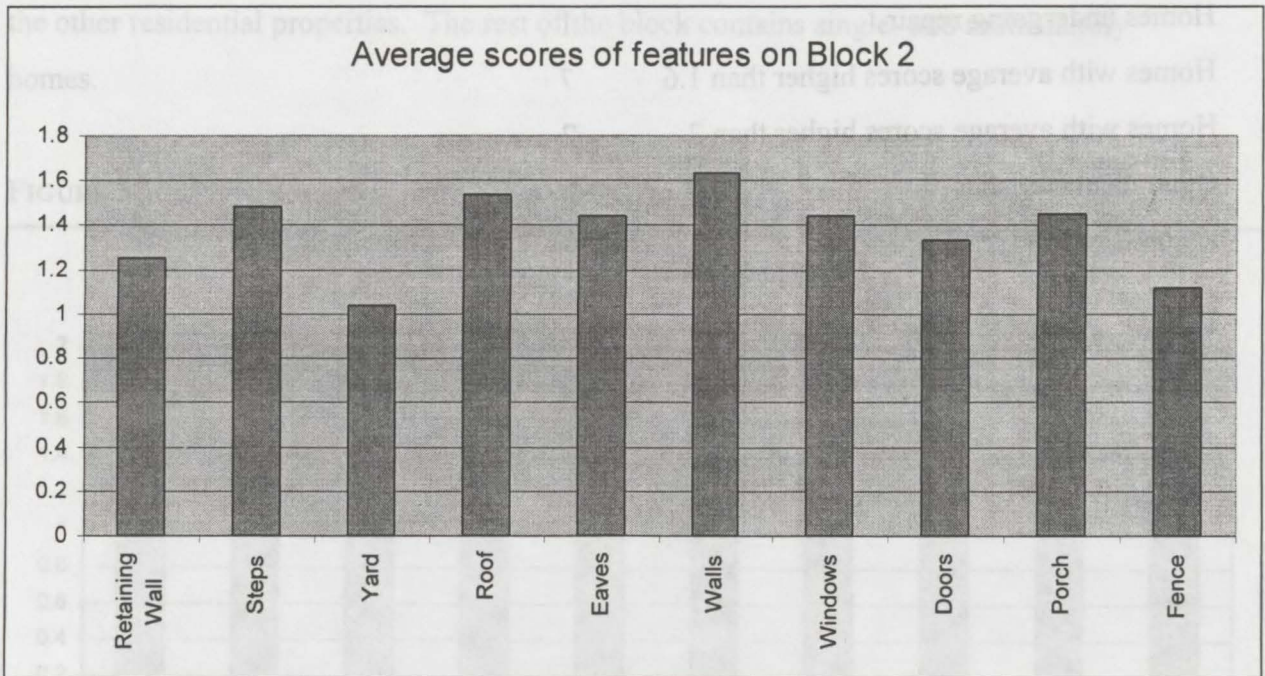
TABLE 1

Characteristic	Number of properties with observed characteristic
Vacant lots	1
Community gardens	0
Homes with an abandoned appearance	1
Homes undergoing repair	1
Homes with average scores higher than 1.6	7
Homes with average scores higher than 2	2
Other characteristics	N/A

BLOCK 2

Block 2 is bordered by 15th Avenue South on the east, 26th Street East on the north, 14th Ave. South on the west, and 27th Street East on the south. Block 2 has single- and multi-family homes.

FIGURE 4



Block 2 had yards, fences, and retaining walls that were in very good repair. Walls and roofs had slightly higher rates of disrepair. Table 2 shows some additional characteristics of Block 2.

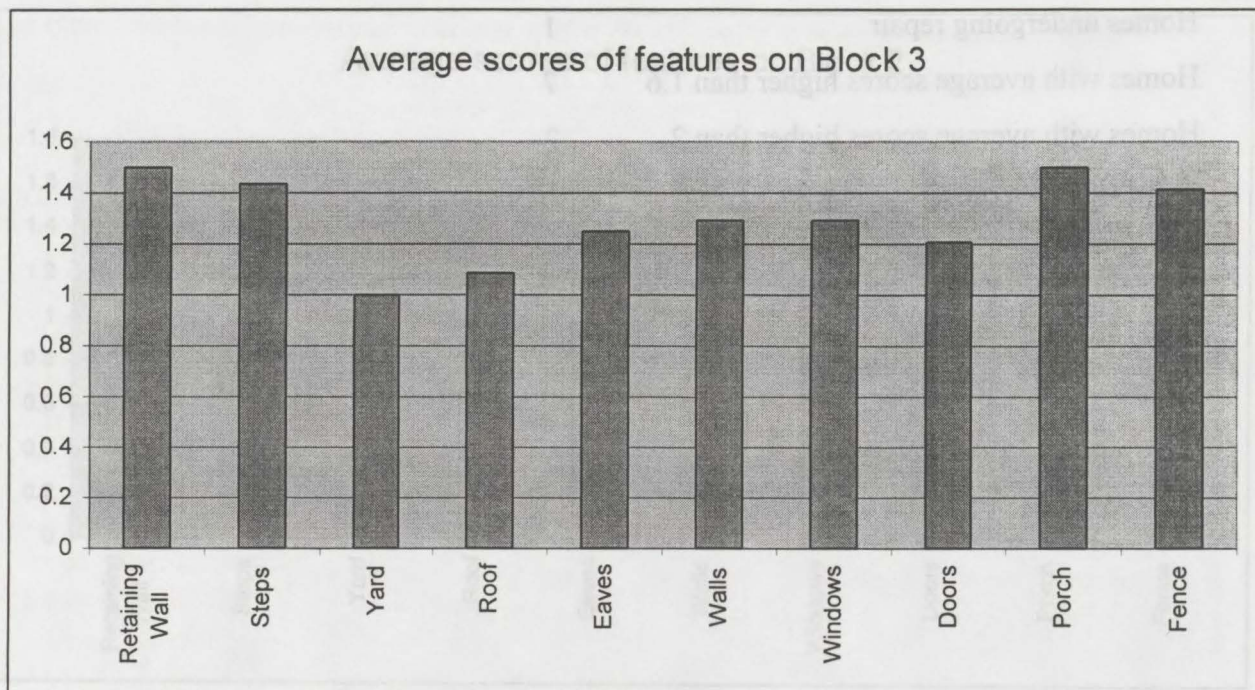
TABLE 2

Characteristic	Number of properties with observed characteristic
Vacant lots	1
Community gardens	3
Homes with an abandoned appearance	1
Homes undergoing repair	1
Homes with average scores higher than 1.6	7
Homes with average scores higher than 2	2
Other characteristics	N/A

BLOCK 3

Block 3 is bordered by 14th Avenue South on the east, 26th Street East on the north, 13th Ave. South on the west, and 27th Street East on the south. Block 3 has single- and multi-family homes.

FIGURE 5



Block 3 has yards, roofs, and doors in very good states of repair, while porches and retaining walls have a slightly higher rate of disrepair. Table 3 shows some additional characteristics for Block 3.

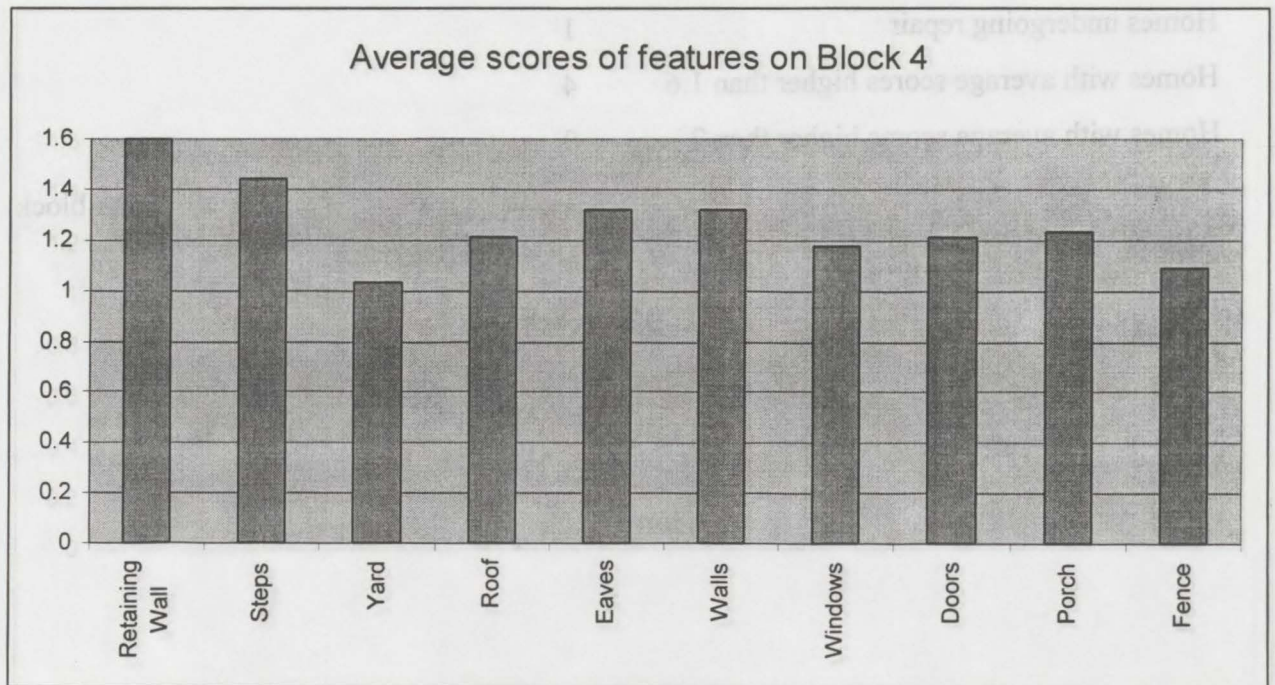
TABLE 3

Characteristic	Number of properties with observed characteristic
Vacant lots	6
Community gardens	0
Homes with an abandoned appearance	1
Homes undergoing repair	1
Homes with average scores higher than 1.6	4
Homes with average scores higher than 2	0
Other characteristics	There were three newer homes on the block and one home with a new porch

BLOCK 4

Block 4 is bordered by 13th Avenue South on the east, 26th Street East on the north, 12th Ave. South on the west, and 27th Street East on the south. Block 4 has single- and multi-family homes.

FIGURE 6



Block 4 has yards, fences, and windows in good repair. Retaining walls and steps are in levels of greater disrepair. Table 4 provides more information about Block 4.

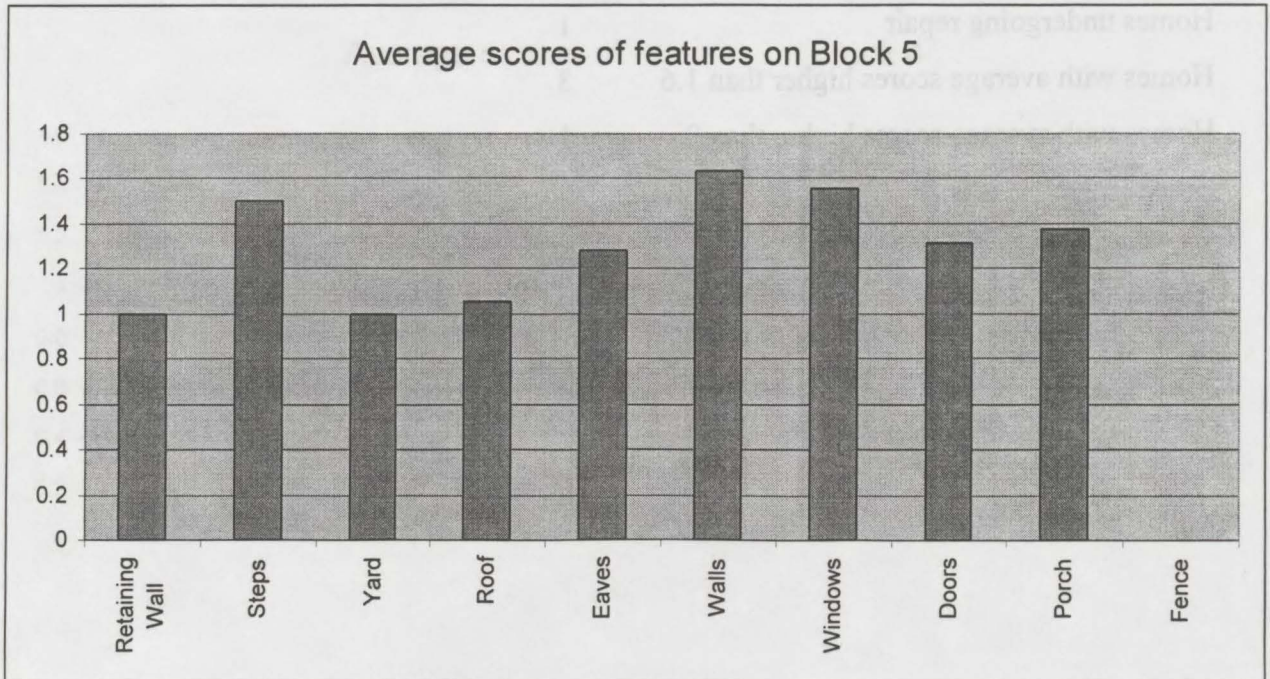
TABLE 4

Characteristic	Number of properties with observed characteristic
Vacant lots	3
Community gardens	0
Homes with an abandoned appearance	2
Homes undergoing repair	1
Homes with average scores higher than 1.6	3
Homes with average scores higher than 2	1
Other characteristics	N/A

BLOCK 5

Block 5 is bordered by 12th Avenue South on the east, 27th Street East on the north, 13th Ave. South on the west, and 28th Street East on the south. Block 5 has single- and multi-family homes.

FIGURE 7



Block 5 had retaining walls, yards, and roofs in very good states of repair. Walls and windows had higher rates of disrepair. Table 5 provides more characteristics of Block 5.

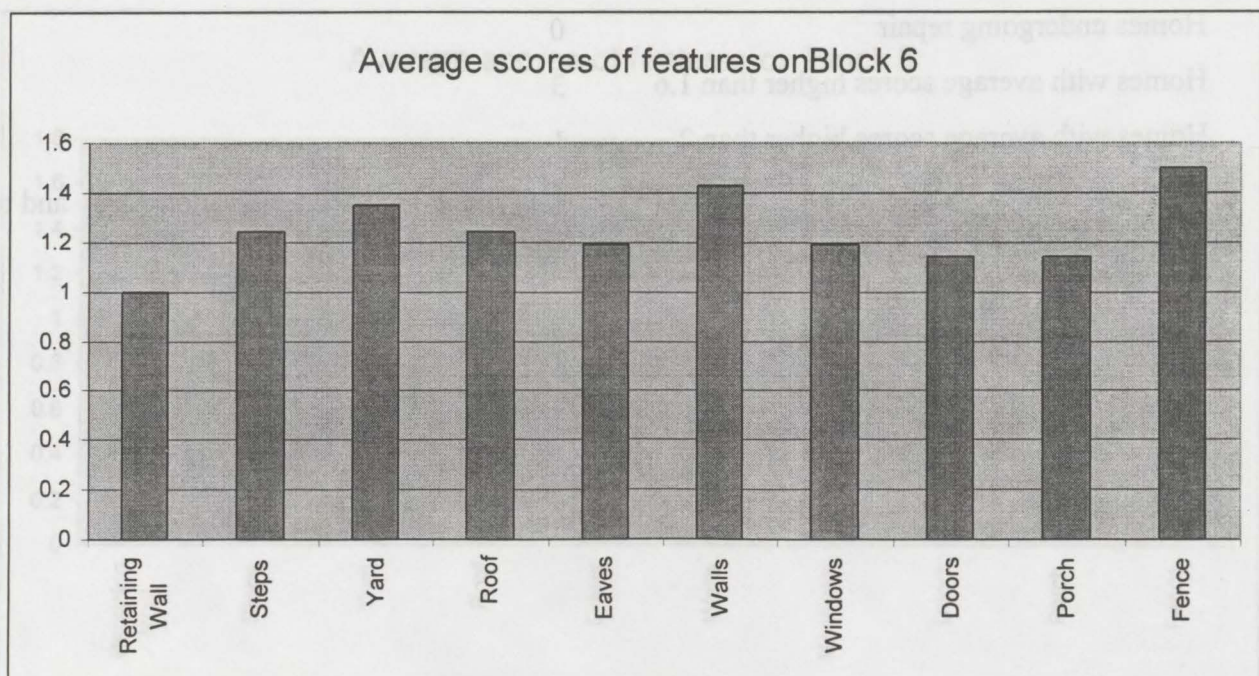
TABLE 5

Characteristic	Number of properties with observed characteristic
Vacant lots	6
Community gardens	1
Homes with an abandoned appearance	1
Homes undergoing repair	0
Homes with average scores higher than 1.6	3
Homes with average scores higher than 2	1
Other characteristics	This block included a Salvation Army and two lots being used as parking lots.

BLOCK 6

Block 6 is bordered by 13th Avenue South on the east, 27th Street East on the north, 14th Ave. South on the west, and 28th Street East on the south. Block 6 has single- and multi-family homes.

FIGURE 8



Retaining walls, doors, and porches are in good repair on Block 6. Walls and fences had higher rates of disrepair. Additional characteristics of Block 6 are described in Table 6.

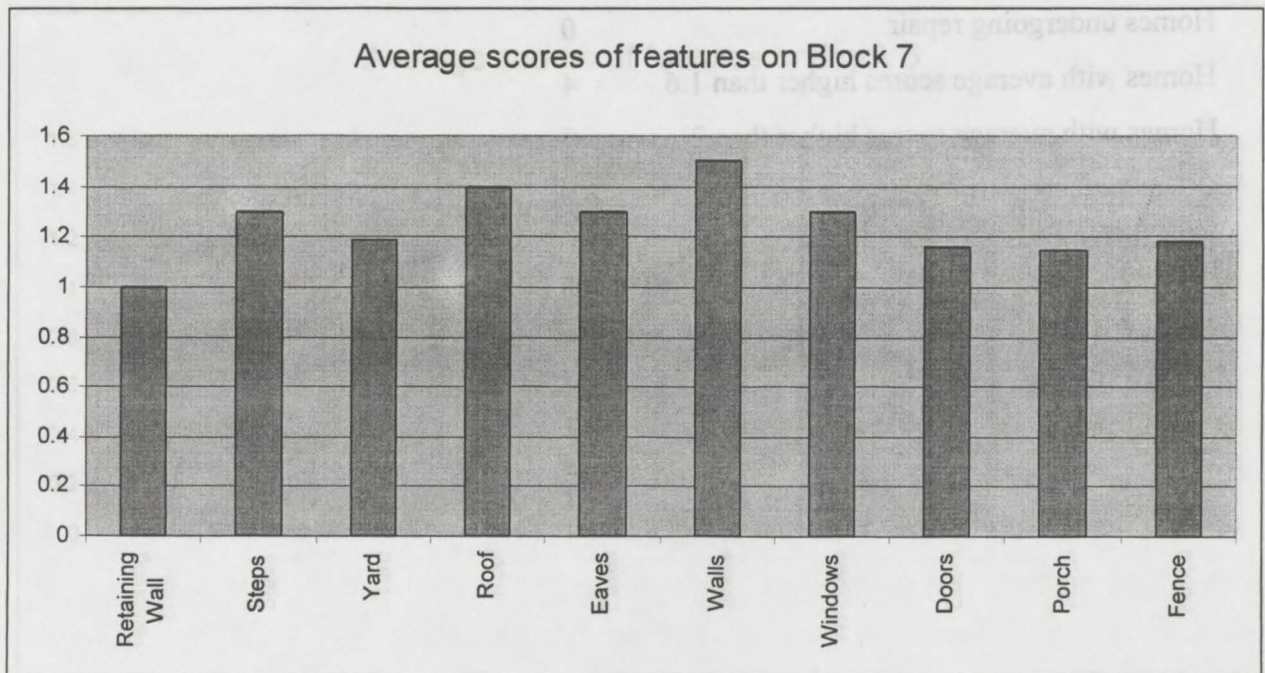
TABLE 6

Characteristic	Number of properties with observed characteristic
Vacant lots	6
Community gardens	0
Homes with an abandoned appearance	1
Homes undergoing repair	0
Homes with average scores higher than 1.6	4
Homes with average scores higher than 2	0
Other characteristics	N/A

BLOCK 7

Block 7 is the block bordered by 14th Avenue South on the east, 27th Street East on the north, 15th Ave. South on the west, and 28th Street East on the south. Block 7 has single- and multi-family homes.

FIGURE 9



Block 7 has retaining walls, doors, porches, and fences all in very good states of repair. Walls and roofs are the only features with higher rates of disrepair. Table 7 provides more information about Block 7.

TABLE 7**Characteristic****Number of properties with observed
characteristic**

Vacant lots

1

Community gardens

0

Homes with an abandoned appearance

0

Homes undergoing repair

0

Homes with average scores higher than 1.6

5

Homes with average scores higher than 2

2

Other characteristics

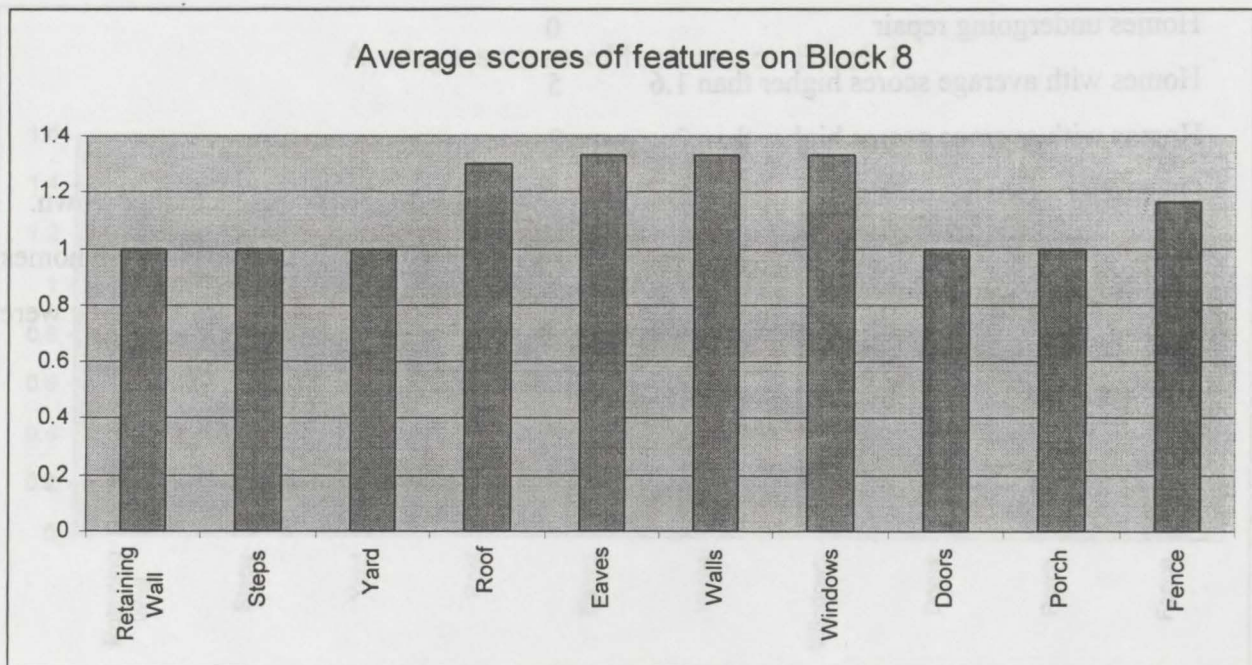
One home on the block has burned down.

There is a church on the block. Two homes
have so many bushes in front that they were
difficult to assess.

BLOCK 8

Block 8 is bordered by Bloomington Avenue South on the east, 27th Street East on the north, 15th Ave. South on the west, and 28th Street East on the south. Block 8 has single- and multi-family homes, and there are some businesses on Bloomington Avenue.

FIGURE 10



Homes in Block 8 are in very good condition with a small amount of disrepair on roofs, eaves, walls, and windows. Table 8 provides more information about the characteristics of Block 8.

TABLE 8

Characteristic	Number of properties with observed characteristic
Vacant lots	3
Community gardens	0
Homes with an abandoned appearance	0
Homes undergoing repair	0
Homes with average scores higher than 1.6	1
Homes with average scores higher than 2	0
Other characteristics	There are two apartment buildings on this block. Minneapolis Fire Department is located on Block 8.

CHAPTER 4



BUILDING SOCIAL CAPITAL & ORGANIZATIONAL CAPACITY: GETTING ORGANIZED TO AFFECT CHANGE

INTRODUCTION

Prior to taking on larger housing issues, the collaboration of block clubs may need to address organizational issues. In order to establish a framework for organizational analysis, a literature review on social capital, organizational capacity, and community organizing follows. This framework is then used to assess the current capacity for action in the 8-block club study area. The assessment is based on interviews with community leaders, CDC's, and other neighborhood associations. The roundtable discussion between leaders from four Minneapolis neighborhood groups and residents from the 8-block area is one example of organizing and building social capital, and the minutes and lessons learned are included.

SOCIAL CAPITAL

Social capital is emerging as an important topic in the field of economic and community development. The concept is difficult to define and even more difficult to measure. However, since Robert Putnam's study of Italian regional governments in 1993, social capital has been a popular tool in community analysis. The finding of Putnam's study was that the key difference between successful and unsuccessful governments was the level of "civic engagement." Civic engagement includes all types of voluntary group participation. Putnam further argued, and this claim is supported by subsequent research, that social capital promotes economic growth (Lang and Hornburg, 1998).

Generally, social capital can be thought of as the bond between residents and their communities. This includes meaningful interpersonal relationships, support and trust between neighbors and productive networks of local institutions such as schools and churches. Often the concept is divided into two components: social glue and social bridges (Lang and Hornburg, 1998). Social glue reflects the individual aspects of social capital, such as group participation levels and trust within groups. Social bridges reflect

the institutional aspects, such as links between groups and links to the larger society outside of the community.

Quality, affordable housing is a necessity for building social capital. A secure and stable home provides residents with a sense of commitment to the neighborhood. Home ownership has been shown to stabilize communities due to the financial investment in the area. However, it may also be true that well-managed rental properties assist residents in gaining a feeling of pride in their community. Community gardens enhance the feelings of pride and belonging. The study area has several long-term homeowners and gardens, a strong foundation for building social capital.

Social capital, therefore, is an extremely important concept for block clubs and could have great influence on their effectiveness. Additionally, since some studies indicate that inner-city neighborhoods suffer from a lack of social capital (Temkin and Rohe, 1998), the block clubs in the study area should focus attention in this area. Individual block clubs have the capacity to develop the social glue by creating opportunities for meaningful interaction. Also, by forming a consortium of block clubs as in the study area, the capacity to develop social bridges may increase. It is likely that by pooling resources and coordinating goals, the consortium will be able to build a wide range of institutional partnerships with community development corporations, nonprofits, government agencies and businesses.

ORGANIZATIONAL CAPACITY AND COMMUNITY ORGANIZING

The World Bank defines local organizational capacity as, "the ability to trust one another, work together in solving problems, mobilize resources, resolve conflicts, and network with others to achieve agreed upon goals" (Deepa and Katrinka, 1997). Social capital and local organizational capacity do not seem to be mutually exclusive concepts. This may be useful to keep in mind in the following discussions of community organizing and the assessment of the current capacity of the 8-block club area.

Most literature and successful community mobilization campaigns indicate that community organizing is an effective method of increasing social capital and

organizational capacity. In listening to the concerns of Phillips residents in meetings and individual interviews, it seems the Dudley Street Neighborhood Initiative in Boston provides the most salient model to organizing in the Phillips neighborhood. The DSNI model is driven by the concept of process before product, "knowing that in the long run the products will be more and better if the process is empowering" (Medoff, 1994). DSNI's capacity building approach focused on inclusion, both in the inner workings of the organization, and its place in the redevelopment system. In both contexts, inclusion must be built in the structure and the process.

DSNI believes residents are the most important resource in any neighborhood. In order to draw out this resource, intense organizing must take place with the goal of involving all interests in the community. These interests must be dealt with as openly as possible, as hidden agendas have a tendency to surface in the future in a disruptive manner. Furthermore, DSNI stresses the need to differentiate between representation and inclusion, "you can set up a structure that's representative and 'still have basically one or two people running the show. . . . Just having everybody at the table isn't enough.' They have to be fully involved. And it's important 'to make sure you're always looking to bring more people to the table'" (Medoff, 1994). It is recognized that a strong degree of inclusiveness and openness makes consensus building a difficult task. However, it is consensus derived in this context that creates the essential foundation of a neighborhood's power.

Further complicating the process of inclusive organizing, and also bringing a sense of urgency to its need, is the increase in non-homogeneity of city neighborhoods across the nation. The Phillips neighborhood is a clear example of this phenomenon, and indeed, has deep historical roots in neighborhood diversity. This reality presents any community organization in the Phillips neighborhood with the challenge of "building multiracial/multilingual organizations that express common interest rather than replicating interracial competition" (Delgado, 1997).

Creating a broad-based neighborhood organization through organizing also serves the purpose of identifying and nurturing community leadership. DSNI believes, "Every community has potential leaders yet unknown. No community organization need think of leadership ability as a rare gift. Leadership operates at many levels – formal and informal

– and is continually arising and evolving” (Medoff, 1994). The development of new leadership is important for periodic infusions of fresh energy and new ideas, and therefore the organization’s sustainability.

Inclusion must also be forged into the structure and process of the redevelopment system. Specifically, DSNI takes the position, “if community development is to succeed, the organizing agenda must guide the development agenda” (Medoff, 1994). It follows that the community must be organized well enough to demand its place in redevelopment system. DSNI is cautious about premature public-private partnerships, as they are most likely to lead to little or no gain for the community. In a scenario where city officials or private sector leaders ask community representatives to enter a partnership prior to the community being well organized, DSNI suggests community leaders should insist that potential partners demonstrate their commitment to true partnership by giving the community time and resources to effectively organize itself.

The World Bank supports the DSNI ethos of process before product. Their method posits that project focus should be directed toward building capacity, rather than capacity building being merely one aspect of the projects scope. Essentially, the project becomes a means rather than an end, with the potential result being increased and sustained organizational capacity. This puts the organization in a stronger position for future action.

ASSESSMENT OF CURRENT CAPACITY IN THE 8-BLOCK STUDY AREA

While far from a comprehensive overview of social capital, organizational capacity, and community organizing, the preceding literature review provides a useful framework from which to assess current capacity in the 8-block area of study. The following assessment is based on interviews with community leaders, CDCs, and other neighborhood associations.

Social Capital

It appears that these eight blocks are in the very beginning stages of collaboration. There are not official CCP/SAFE block club leaders on each block, but there are "unofficial" contacts for the police department. However, the police department is not able to release the information on these contacts. There is no contact list for meetings or other participation opportunities. It seems that there is an informal communication network, led by a few prominent block club leaders.

Phillips Neighborhood Network (PNN) has the capacity and the interest to act as the disseminator of information. One goal of this organization is to provide each block club leader with a computer and printer, as well as associated training. However, at this point, the PNN web site is not a viable means of communication since not all leaders have computers. Therefore, no formal communication devices exist within the 8-block area.

Additionally, there is not a regular meeting schedule for the block club association. The group has met a few times, but has not identified any common goals or developed leadership. They have not recruited volunteers or interested residents as a collective, but many do have active block club members that may be interested in working with the group.

It does appear that the block club cluster has many informal relationships with local agencies and institutions providing the social bridges discussed previously. There is potential to build these relationships further and gain support for identified goals. PNN has contacts with the following local institutions:

- ◆ Neighbors Helping Neighbors: A local agency that assists with home ownership.
- ◆ Honeywell Corporation
- ◆ Abbott Northwestern Hospital
- ◆ Project for Pride in Living, Inc. (PPL)
- ◆ Minneapolis Foundation
- ◆ Hans Christian Andersen School
- ◆ Wavetech, Inc.

Organizational Capacity

There is no identified leadership in the group. While PNN has acted in a leadership role for the purposes of this project, there is no indication that any of the individuals in PNN are interested in leading this collaboration. It seems that the collaboration has not created an identity or purpose and, therefore, individual block club leaders do not yet identify themselves as part of the group. There are also no residents with expertise in development issues, although this issue has not been fully explored. Many of the leaders with expertise that have attended the CCP/SAFE meeting and the roundtable discussion do not live within the study area.

There is no capacity for receiving funds at this point. PNN specifically does not want to manage finances for the group, as this is often "the death of an organization." However, it is possible that Neighbors Helping Neighbors, directed by Corinne Zala, may be able to receive and hold funds for the group. There is no agreement to do so, but the possibility has been informally discussed.

Additionally, there is potential to build organizational capacity within this area. There are many knowledgeable and active residents and one block club leader is a representative to the Phillips Housing Committee. PPL has committed their assistance to increasing capacity within the Phillips neighborhood and has recently hired a full-time coordinator and a half-time administrator for the Housing Committee. PPL also identifies many of its single-family home rehabilitation projects through recommendation of the housing committee. As stated previously, a foundation for a strong network with other agencies exists as well.

CONCLUSION

The concepts of social capital and organizational capacity have become increasingly utilized assessment tools in determining the viability of community development efforts. The DSNI community organizing model seems to provide a realistic method for increasing capacity in the 8-block club area. DSNI's organizing efforts are premised on the ideas that inclusion must be built into the structure and the process of community revitalization. The model further states that community organizing

efforts must be the driving force in the redevelopment system if redevelopment is to be successful. The eight-block club collaboration is in the beginning stages of building social capital and organizational capacity. While some groundwork has been laid, the collaboration seems to have a substantial amount of work ahead of them before it can become a powerful actor in pushing for positive change in the neighborhood.

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Pass, Carol. Block Club Leader, Phillips. May 5, 1999.

Weir, Paul. Phillips Neighborhood Network and Block Club Leader, Phillips. Personal Interview. May 14, 1999.

CHAPTER 5

Stewart Park

May 12, 1999



Institute for Sustainable Communities
10 Phillips Residents

Summary of Present Presentations

Harry Jensen: Lyndale Neighborhood Development Corporation (LNDC)

LNDC is a 501(c3) with a Board of Directors consisting of former block club leaders. Initially, they didn't see the development group focusing on community needs, only seeking funds. The Association is a network of individuals working to improve the neighborhood. They are currently working on a master plan for the area, which is a mix of public and private housing. They are currently working on a master plan for the area, which is a mix of public and private housing. They are currently working on a master plan for the area, which is a mix of public and private housing.

A STEP TOWARD BUILDING BRIDGES:

MINUTES FROM THE ROUNDTABLE DISCUSSION

Carol Peters: East Phillips

Carol has been working on housing issues for 15 years in East Phillips. Their group has completed 4 rehabs and one 8-pick in that time. Individuals in the group own the houses, for the most part, and rent them. They have done this through private individual funds, no public money. They are currently working on a master plan for the area, which is a mix of public and private housing. They are currently working on a master plan for the area, which is a mix of public and private housing.

Jim Graham: Venture Village

Jim believes that a neighborhood is a neighborhood. The area previously known as North Phillips has been renamed Venture Village due to the negative connotations of the Phillips name. They are creating a master plan for the neighborhood, which is essential. If you don't, someone else will do it for you. MCHS is as many of their homes, but is uninterested in rehab. They hope the master plan can be used as leverage with MCHS. The neighborhood views homes as an asset - built in the 1900's with a craft - and wants them preserved.

A STEP TOWARD BUILDING BRIDGES

Minutes of the Roundtable Discussion: Block Clubs and Housing Issues

Stewart Park
May 12, 1999
7:00 PM

Attendees

4 Panelists
7 Humphrey Institute Representatives
10 Phillips Residents

Summaries of Panelist Presentations

Harry Jensen: Lyndale Neighborhood Development Corporation (LNDC)

LNDC is a 501c3 with a Board of Directors consisting of former block club leaders. Initially, they didn't see the development group focusing on community needs, only seeking funds. The Association performed an independent housing inventory of the neighborhood using criteria such as care of lawn, status of painting, etc. The inventory was prepared using block club input. They used the inventory to create a map of distressed areas and matched it with a map of crime statistics. Began targeting needy areas for rehab and used information in NRP master plan. Found that the organization could act quickly and began some focused efforts. Purchased some housing for rehab and had early successes, but found that development is a long-term process.

Carol Pass: East Phillips

Carol has been working on housing issues for 15 years in East Phillips. Their group of blocks has completed 9 rehabs and one 8-plex in that time. Individuals in the group own the homes, for the most part, and rent them. They have done this through private, individual funds; no public money. They use community partners, volunteers, and friends to complete projects. East Phillips has recently seen a 20% increase in property values. Stability seems to be spreading to neighboring areas.

Jim Graham: Ventura Village

Jim believes that a name impacts a neighborhood. The area previously known as North Phillips has been renamed Ventura Village due to the negative connotations of the Phillips name. They are creating a master plan for the neighborhood, which is essential - if you don't, someone else will do it for you. MCDA owns many of their homes, but is uninterested in rehab. They hope the master plan can be used as leverage with MCDA. This neighborhood views houses as art - built in the 1800's with a craft - and wants them preserved.

Polly Peterson: Jordan Area Community Council (JACC)

The neighborhood group has temporarily split from the block clubs because of conflict between emphasizing on housing versus crime. Polly believes this was a mistake. JACC focuses on housing and devoted over 90% of NRP funds to housing. They are most interested in preserving housing, but have supported some demolition when costs are too high. They have hired an independent housing evaluator for MCDA properties. Jordan is divided into 24 four-block club clusters. Initially chose to focus projects on each block so that all residents would feel the effects, as opposed to choosing one target area. Programs include: Home Improvement Loan Program (with some funds not required to be paid back), Purchase Rehabilitation Funds, Independent Housing Evaluator, Gap Financing for Rehab up to \$55,000.

Points from General Discussion

- ◆ Housing issues and crime are interconnected. Cannot address one without the other.
- ◆ Top-down plans don't work. Residents most often know what they want, but need the resources to accomplish goals. They also need a connection to other organizations.
- ◆ Although block clubs started around the issue of crime, the most successful ones include meaningful social interaction. One strategy is to include crime as the last agenda item at block club meetings, so that productive exchange on other issues can take place first. Residents often become angered when talking about crime. This also is manifested as anger toward crime-ridden buildings, and can lead residents to support demolition of these buildings.
- ◆ A name is extremely important for formal organizing. Block club coalitions can then create an identity and vision.
- ◆ A study of rental housing owners in Phillips would be useful. There is a sense that a few people own the majority of the housing.
- ◆ The Jordan neighborhood conducted a "Dirty 30" campaign which was extremely successful in targeting unresponsive landlords. Polly did not know the details of this program.
- ◆ Block clubs are often biased toward home ownership. Phillips has a large majority of rental housing and there is a shortage of affordable rental housing in the metro area. Therefore, the block clubs need plans for incorporating renters and addressing rental housing issues. Also, a plan for upward housing mobility would be useful.

- ◆ Phillips community has many of the attributes of "New Urbanism" and these should be preserved and utilized. JACC requires that GMMHC houses be built with detached garages to match the existing housing and promote social capital.
- ◆ Lyndale approaches crime and housing jointly. They have convinced CCP/SAFE to give out the phone numbers of the block club leaders in that area.
- ◆ Residents need a focus and resources. Power is obtained through resources. Resources can be large or small: money, gardens, paint for houses, garbage cans.
- ◆ The Lyndale neighborhood has used "creative financing" to obtain and rehab homes. This includes: pooling individual money, private donations, tax credits, bank loans, church donations and MHFA funds. However, it takes skills and expertise to integrate money for development.
- ◆ Gardens were important in Lyndale in community building.
- ◆ Lyndale has also utilized options to buy from absentee landlords. These are legal agreements that give the neighborhood one year to buy the house, secured with a very small downpayment. Landlords know they won't get their investment out of a home unless the block improves and, therefore, have incentive to enter the option agreement.
- ◆ 50% of housing units in Minneapolis are duplexes. Norwest Bank will not finance duplexes. Duplex renovation is good for neighborhoods because they are inexpensive and provide both ownership and rental opportunities.
- ◆ A challenge in Jordan is getting people of color "to the table". Also, there is tension between owners and renters. Recently, they have been directly targeting renters and have had success in organizing and confronting landlords.
- ◆ A challenge in Lyndale has been to identify residents who enjoy development and engage them in the process. Not everyone has skills or interest for development due to the length of time of projects and the expertise needed. Lyndale's organization is a 501c3 and the board has formed partnerships with developers. The organization has been challenged to gain the confidence of the neighborhood, which has been critical to its success.
- ◆ The main change in the Phillips neighborhood over time is the lack of jobs.
- ◆ Block club clusters should develop common goals. They also need bureaucratic knowledge to meet these goals. For example, getting trash containers or lights replaced on the block.

- ♦ When MCDA obtains a house, it has to be returned to code. The question was raised whether an agreement could be made with MCDA to "mothball" houses: secure the roof, etc. Central Neighborhood has been successful with this.
- ♦ It costs \$10 - 14,000 to demolish a house.
- ♦ Edy Oates, MCDA, has been approached about the MCDA marketing houses "as is" with the philosophy that the high demand for housing would make this work. She seemed interested in this.
- ♦ Jordan has created a Housing Care Committee consisting of the Neighborhood Association, Inspection and MCDA. JACC buys some houses that are less than \$13,000. This committee entered into a security contract that ensures houses are boarded from the inside, a deadbolt is put on, and the lawn is cared for.
- ♦ The Seward neighborhood has a grant program for renters.
- ♦ City policy affects Phillips in many ways. Phillips is excluded from the city's purchase rehab funds.

LESSONS LEARNED FROM PANEL DISCUSSION

The following observations and/or concerns raised in the discussion might prove to be useful in mobilizing the 8-block study area to address housing issues:

1. The most successful block clubs include meaningful social interaction. Social capital theorists support this as well. It seems that a formal agenda for block club or block club cluster meetings is a useful tool for guiding productive discussion. The idea of crime as the final agenda item may provide a method of eliminating angry, emotional discussions about housing and other collaborative issues.
2. Creating a name for the 8-block study area is one of the first steps in formal organizing. Experience of others shows that a name can help to form a common identity and vision.
3. Block clubs that have made concerted efforts to involve renters have been successful. Phillips is a high rental neighborhood. Therefore, plans to incorporate renters have the potential to substantially broaden participation and increase social capital.
4. It is possible to form an agreement with the CCP/SAFE unit to release the phone numbers of block club leaders. The Lyndale neighborhood has arranged this and believes that communication barriers have been eased.
5. It is important to identify volunteers who are interested in development, and also those who may have expertise in any area of development. Since development is a very long-term process, not all residents will want to make the time commitment required. It may be useful to separate tasks among individuals or committees to best utilize each person's talents and interests.
6. A collaborative committee, such as Jordan's Housing Care Committee, may be useful in the study area. Jordan's committee includes residents and representatives of the Inspections Department and MCDA. Perhaps other representatives could be added, such as an independent assessor, developer, etc.
7. Perhaps most importantly, a lesson of the panel discussion is that interaction with other neighborhood leaders can be beneficial to all parties. Although there is often natural competition between neighborhood groups, especially in the area of funding, there are also many common interests. When a diverse group identifies common interests and commits to a productive exchange, discussions such as this may prove to be very useful for the entire community. The study area could take a lead role in organizing periodic meetings of neighborhood leaders.

CHAPTER 6

BUILDING SOCIAL CAPITAL

Based on our research of social capital, community organizing and current equity, the following are potential sources for the 8-block neighborhood of Black club leaders.



United outreach to other residents extending from about the Black club location, the pipe for the Early Warning Survey, and the possibility of other... The outreach should be complex, active and involve one-on-one... consideration. Their role ideas in mind when recruiting and...

1. When trying to recruit volunteers, individuals of interest must be identified. Recruiters could visit the Early Warning Survey as a useful tool for residents to provide and improve properties on their block. This is likely an issue of concern to all residents.
2. Offer concrete purposes for the meeting. For example, at this meeting we will identify methods to intervene in problem generation.
3. Present the idea in a way that participation is the key to success.

POTENTIAL STARTING POINTS FOR COMMUNITY ACTION

- Leadership roles in the neighborhood. The 8-block neighborhood has the potential for developing leadership and expertise within the group.
- Develop a formal mission. The mission should include identified leadership roles, meeting schedules, goals, rules of conduct, and within the mission, it includes information and research work.
- Decide on the focus for strategies. For example, focusing on the block and branching out from the specific block.
- Formulate relationships with and receive assistance in implementation of goals. Seek out development agencies and experts to help educate the group about the political aspects of development and land use and to provide technical assistance. It is important to provide agency contacts with consistent information and it may be useful to identify spokespersons to represent the group to other institutions.
- Develop strategies for promoting collaboration with other groups within the neighborhood and other neighborhood organizations.
- Develop a formal agreement with Neighbors Helping Neighbors or another neighborhood organization to receive and manage funds for the group.

ORGANIZING AND BUILDING SOCIAL CAPITAL

Based on our research of social capital, community organizing and current capacity, the following are potential actions for the 8-block collaboration of block club leaders.

- ◆ Begin initial outreach to other residents, educating them about the block club collaboration, the plan for the Early Warning Study and the possibility of other projects. The outreach should be comprehensive and involve one-on-one communication. Three main ideas to keep in mind when recruiting are:
 1. When trying to recruit volunteers, individual self-interest must be engaged. Recruiters could "sell" the Early Warning Study as a useful tool for residents to protect and improve properties on their block. This is likely an issue of concern to all residents.
 2. Offer concrete purposes for the meeting. For example, at this meeting we will identify methods to intervene in problem properties.
 3. Present the issue in a way that *participation* is the key to success.
- ◆ Hold an initial strategy meeting to begin to develop an identity for the group. An identity includes a name, mission and specific goals. Address issues of process vs. product.
- ◆ Leadership must be identified and developed. Do not underestimate the potential for developing leadership and expertise within the group.
- ◆ Develop a formal structure. The structure should include identified leadership roles, meeting schedules, general rules of conduct, and written materials such as member information and outreach tools.
- ◆ Decide on the focus for strategies. For example, beginning on one block and branching out versus projects on many blocks.
- ◆ Formalize institutional contacts and involve institutions in implementation of goals. Seek out development agencies and experts to help educate the group about the technical aspects of development and fundraising and to provide interim technical assistance. It is important to provide agency contacts with consistent information and it may be useful to identify spokespersons to represent the group to other institutions.
- ◆ Develop strategies for promoting collaboration with other groups within Phillips and other neighborhood associations.
- ◆ Develop a formal agreement with Neighbors Helping Neighbors, or another suitable organization, to receive and manage funds for the group.

STRATEGIES FOR HOUSING ISSUES

The following strategies have proven to be useful in other neighborhoods, and seem to apply to the 8-block study area as well. Many strategies refer to the CURA study, to be done in the near future, which provides an early warning system for abandonment.

- ♦ It may be useful to obtain funding for a researcher to document the organization's progress from the beginning. If the process is well-documented, both failures and successes will be useful for models in other neighborhoods..
- ♦ Seek out housing "experts" to help educate all block club leaders about the content and usefulness of the CURA study and subsequent housing development issues.
- ♦ Create a comprehensive action plan for the use of the CURA study. Identify priorities, i.e. early intervention vs. developing current abandoned housing.
- ♦ Determine whether the block club organization wants to be directly involved in development or whether it wants to influence development projects. Most community organizations believe that organizing and development should be done by separate entities.
- ♦ Obtain information about the implementation of the study from the Central Neighborhood Association. For example, the neighborhood was able to use the study to leverage resources from the city, resulting in the assignment of one city staff person to help implement the system.
- ♦ Investigate the option of hiring an independent housing assessor. For example, South Side Neighborhood Housing Services performs assessments for the Central neighborhood, usually resulting in lower costs than the city estimates.
- ♦ Form an inter-agency collaboration to deal with housing issues identified in the CURA study. For example, the Jordan neighborhood has created a formal Housing Care Committee, consisting of representatives from the neighborhood, MCDA and the Inspections Department.
- ♦ Work with the Inspections Department to institute policy of boarding all windows from the inside to secure the house in a more inconspicuous way.
- ♦ Investigate the possibility of engaging private developers in the process. Non-profit resources are limited and cannot meet all of the neighborhood needs. This may be a difficult endeavor. When researchers in this project approached private real estate agents and developers, they were given very little assistance.
- ♦ Establish credibility with the Phillips Housing Committee and educate them about the potential of the CURA study. The study may identify housing that can be "saved" before abandonment and subsequent MCDA ownership.

- ◆ Consider early intervention strategies that target absentee landlords, since the majority of the study area is rental housing. A case study of a successful project in the Jordan neighborhood follows this section.

**THE DIRTY THIRTY CAMPAIGN IN THE JORDAN NEIGHBORHOOD:
AN EXAMPLE OF SUCCESSFULLY ORGANIZING RENTERS**

In 1988, Jordan Area Community Council (JACC) launched the Dirty Thirty Campaign (D30) to get 30 of the most negligent absentee landlords to clean up their properties. The leader of the campaign was Jay Clark, currently a CURA employee, who provided the information given below. A major goal of D30 was to involve renters in JACC. The general components of the campaign are outlined here as a model for both involving renters in community action and improving rental properties.

- ◆ JACC door-knocked 400 houses in the area to identify the issues of concern to residents. A personal approach, in contrast to mailed surveys, was chosen to ensure that respondents would be representative of the neighborhood. Past experience showed that respondents to mailed surveys do not represent the renters' perspective.
- ◆ The top two issues identified were problem absentee rental properties and drug houses. JACC chose to tackle absentee landlords because they believed it was an issue that would unite, rather than divide, the neighborhood.
- ◆ The first event was a meeting with three city council members and the mayor, all of whom had committed to use all legal means to clean up the chosen properties. 250 residents attended this meeting. At the meeting, residents were asked to sign up for block meetings to identify the worst properties.
- ◆ The block meetings were successful partly because JACC volunteers again door-knocked each of the blocks to tell people that a vote would take place at the meeting to identify the absentee landlord properties on that particular block. This was done to ensure that the residents knew it was in their own self-interest to come.
- ◆ One unique aspect of the campaign is that it involved a variety of people. Renters often live in units that need repairs but are afraid if they confront the landlord, they will be evicted or their rent will be raised. The D30 block club meetings gave the renters an opportunity to pressure the landlords without facing retaliation. The renter, the residents of the block and city officials were forcing the landlord to clean up the property.
- ◆ One challenge of the campaign was convincing block leaders to be entirely inclusive in the process. JACC insisted that all houses be door-knocked when organizing the meetings.
- ◆ The D30 designated properties had to meet two criteria: (1) absentee-landlord owned and (2) had at least one housing code violation.

- ♦ Thirty properties were identified through each of the block meetings. After each meeting, residents set up an easel in front of the designated property and made a list of all of the problems. These problems were then composed in a letter, identifying the specific housing code violations, signed by the block residents and sent to the landlord, council members and the mayor.
- ♦ Block residents met once a month with the housing inspector and documented the progress on each property.
- ♦ The campaign resulted in 23 of the 29 designated properties being sufficiently cleaned and repaired.

UNDERSTANDING THE MCDA: A FIRST STEP TOWARD CHANGING CITY POLICY

Minneapolis neighborhoods have often blamed the Minneapolis Community Development Agency (MCDA) for carrying out policies regarding boarded and vacant properties that seem arbitrary and inequitable. Neighborhoods with higher incidences of "troubled" properties have been perceived by some residents as being the target of redlining, or discriminatory withholding of housing-related funds, by the city.¹

Unfortunately, the city's policy toward properties plagued by crime and neglect has been reactive rather than proactive. Budgetary constraints and deference to property rights legislation has made the city slow to act on properties showing signs of potential abandonment. However, once control of the property is procured, the neighbors are placed in a position to defend the building's continued existence in light of its distressed state. While they may have been proactive in calling the attention of authorities to a troubled property, they may also find themselves in the dilemma of having brought about its condemnation and eventual demolition.

How MCDA Acquires Residential Property

Generally, the City acquires a residential property from one of three entities: 1) the City of Minneapolis Department of Inspections' list of vacant and boarded houses, called the "249 List," 2) the U.S. Department of Housing and Urban Development (HUD), and 3) the Hennepin County Tax Foreclosure Department. Each acquisition involves a deliberate decision regarding the fate of the structure.

City Ordinance 249 gives the Department of Inspections the authority to board-up a building that remains vacant and cannot be secured after a 10-day notification period to the owner has passed. This waiting period may be waived in emergency situations involving threats to health and safety or if the building is declared in "nuisance condition" through an evaluative process by the MCDA, Departments of Inspections and the planning department. Any building that has remained boarded for sixty days or more can be considered a nuisance, regardless of the actual condition of the building.

¹ "How MCDA Housing Policies Affect the Neighborhoods in Minneapolis," report by Linda Wong, for the United Neighborhoods Coalition, Spring 1998, p.11.

According to the Ordinance, vacant buildings inevitably attract children, rodents, criminals and vagrants, and become a fire hazard and dumping ground. A structure must be declared a nuisance before it can be considered for either rehabilitation or demolition.

One of the controversial criteria for determining nuisance status is that: "Evidence, including but not limited to rehab assessments completed by the MCDA, clearly demonstrates that the cost of rehabilitation is not justified when compared to the after rehabilitation resale value of the building."² This allows MCDA to be both judge and jury, evaluating the cost to rehabilitate a structure according to the agency's own standards and summarily condemning it. Neighborhoods complain that their input isn't sought in the decision-making process and that they should be allowed to hire an independent estimator to assess rehab costs. If an owner of a nuisance property is allowed to present an itemized plan to demonstrate rehab feasibility, why shouldn't the neighborhood organization be able to step forward with a similar plan?

Another grievance is that MCDA's rehab standards are unrealistically high, creating the appearance of a large gap subsidy (market price minus rehab cost). While the MCDA must meet federally mandated rehab standards and new construction requirements to remain eligible for federal funding, its standards are mainly self-imposed. The higher standards are in place to avoid potential liability and provide maintenance-free housing for 10 years following rehab.³ MCDA may choose to rehab a house, even with a resulting gap subsidy, but there is no formal decision-making process in place for determining when the subsidy is justified.

In cases of property tax forfeiture, which can take anywhere from five weeks to a year to resolve, MCDA holds the first option to acquire the property from Hennepin County. If the home has been razed, the cost of demolition is charged back to the property, and MCDA will hold the vacant lot.

Until recently, MCDA has also had the first chance at acquiring HUD homes, properties reclaimed due to foreclosures on mortgages insured through HUD. The federal agency periodically published a list of foreclosed homes available for purchase on the open market. However, before publication, MCDA was allowed to review the list

² Ordinance 249.30, City of Minneapolis, Minnesota.

³ "MCDA and Single Family Housing Development in Minneapolis: Report to the United Neighborhood Coalition," by Stuart Alger, November 1997.

and request that certain properties be set aside for eventual purchase by the City. Owner-occupants, who normally would have had exclusive opportunity to consider the properties during their first 30 days on the market, were unaware of the full range of properties available. After 30 days, the MCDA could purchase the property at 10% below list price by avoiding real estate brokerage fees.

New "HUD Home" Sales Procedure

On March 29, 1999, HUD claimed the burden of reselling homes had become overwhelming, and it contracted out management and marketing functions of HUD homes in Minnesota to a private property management company in Atlanta, InTown Management Group.⁴ Two months later, when the company had sold only 14 of the 318 Minnesota properties in its care, it canceled its contract with HUD by mutual agreement. By the end of May 1999, HUD had hired a replacement, First Preston Foreclosure Specialists of Dallas, whose track record at turning around properties was significantly better. However, the backlog of unsold HUD homes created by the change in management has exacerbated the problem of vacant homes left vulnerable in the city's poorest neighborhoods. It is hard to tell at this early date whether control of the acquisition process by an out-of-state management company will level the playing field for these properties between private purchasers and MCDA.

MCDA's Role in Residential Development

As with many governmental agencies, MCDA is plagued by bureaucracy, both in working laterally with other city agencies and hierarchically with the public and the state. MCDA gets its directives from the City Council, which seeks increases in the city's tax base. Residential property taxes collected support city services, so it follows that the housing program would, above all, aim to maintain property values. If a vacant lot is believed to devalue the neighborhood (at least, in the short run), it may be preferable to leaving a boarded property in place.

⁴ "Vacant HUD Homes Proliferate in Midst of Housing Shortage," by Neal Gendler and Steve Brandt, *Star Tribune*, May 22, 1999.

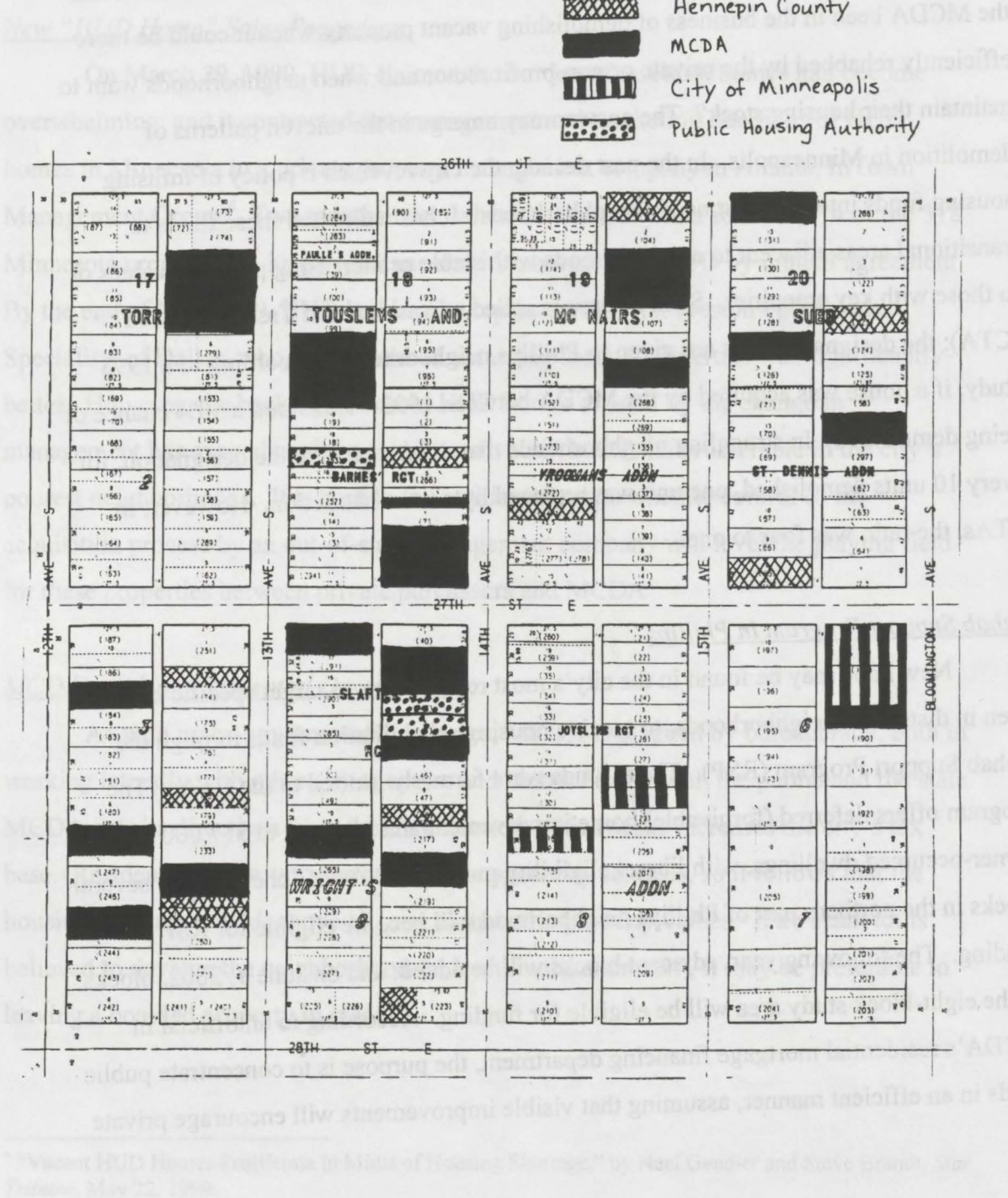
On the other hand, MCDA seems reluctant to release control of the rehab process to a CDC or private party. It has been known to languidly move through the process of approving the work plan and transferring title, leaving the property vulnerable to intrusion and destabilization. Additional work items are sometimes added during the rehab process, causing delays and unanticipated expenses.

The question should be asked: Why, in a tight real estate and rental market, has the MCDA been in the business of demolishing vacant property when it could be more efficiently rehabbed by the private or non-profit sector and when neighborhoods want to maintain their housing stock? The answer may emerge in the uneven patterns of demolition in Minneapolis. In the past decade, the city reversed its policy of infusing housing funds into the most needy neighborhoods. It has redirected these funds to transitional areas adjacent to neighborhoods with stable or increasing property values or to those with key amenities. Such an area is called a Concentrated Treatment Area (CTA); the designation was not given to Phillips neighborhood. According to a 1998 study, if a house was acquired by the MCDA between 1992-97, it stood a 30% chance of being demolished. In struggling neighborhoods that did not receive the designation, for every 10 units demolished, one unit was replaced by new construction. However, in CTAs, the ratio was four to one.

Rehab Support Program in Phillips

New hope may be found in the city's most recent plans to target specific blocks, even in distressed neighborhoods, to receive housing rehabilitation funds through the Rehab Support Program (RSP). These funds were formerly limited to the CTAs. The program offers deferred (forgivable) home improvement and loans up to \$17,000 for owner-occupied dwellings, with liberal eligibility guidelines. As of June 1, 2000, several blocks in the northern part of Phillips neighborhood will become eligible for RSP funding. The following year, adjacent blocks will be added, and on June 1, 2002, blocks in the eight-block study area will be eligible for funding. According to an official in MCDA's residential mortgage financing department, the purpose is to concentrate public funds in an efficient manner, assuming that visible improvements will encourage private

Government-Owned Property



CHAPTER 7



AVAILABLE RESOURCES

ALLINA HEALTH SYSTEM - ALLIANT'S OFFICE GORDON BRUNGER

(parent company of Allina Northwestern, Children's Health Care, Phillips Eye Institute)

- Will provide free services for gang tattoo removal
- Offer Social Service Referrals to those patients that feel unsafe about their area
- Abuse victims are referred to a shelter with guaranteed space.

Corporate Resources

MINNESOTA BUSINESS PARTNERSHIP

80 S 8th St # 4050

Minneapolis, MN 55402

(612) 370-0840

- Corporations taking a stance and action against crime in Minneapolis
- The following corporations have partnered with key law enforcement agencies, the community, & civic leaders to seek solutions to overcome the issue of crime

Honeywell

General Mills (Near North)

Metronic (Camden)

Metropolitan Health Plan (Central)

AT&T Wireless Services

Allina

- A program created from this partnership is MN HEALS (Hope, Education, Law & Safety). Its focus is on crime prevention by honing in on the root causes of crime. It seeks to accomplish its objectives by providing a way for people to:

Get an education

Earn a decent livable wage

Have a decent place to live

Instill hope

ALLINA HEALTH SYSTEM, EXECUTIVE OFFICER GORDEN SPRENGER

(parent company of Abbott-Northwestern, Children's Health Care, Phillips Eye Institute)

- ◆ Will provide free services for gang tattoo removal
- ◆ Offer Social Service Referrals to those patients that feel unsafe about their area
- ◆ Abuse victims are referred to a shelter with guaranteed space.

Non-Profit Social Service Agency Resources

BILLY GRAHAM EVANGELICAL ASSOCIATION
1300 Harmon Pl
Minneapolis, MN 55403
(612) 338-0500

FREEPORT WEST, INC.
2433 PARK AVE
MINNEAPOLIS, MN 55404
(612) 874-1936

HONEYWELL FOUNDATION, ANDRE LEWIS, EXECUTIVE DIRECTOR

McKNIGHT FOUNDATION
121 S 8th St # 600
Minneapolis, MN 55402
(612) 333-4220

MINNEAPOLIS REHABILITATION CENTER
1900 Chicago Ave
Minneapolis, MN 55404
(612) 879-5499

METROPOLITAN LIVABLE COMMUNITIES
NEIGHBORHOOD SAFE ART PROJECT

- ◆ Nonprofit organization that promotes Phillip's youth to paint murals on neighborhood buildings as a means to divert their attention away from graffiti.

PILLSBURY NEIGHBORHOOD SERVICE (SOCIAL SERVICE AGENCY)
3501 Chicago Ave
Minneapolis, MN 55407
(612) 824-0708

WAY TO GROW, EXECUTIVE DIRECTOR, JENE JONES
2610 Grand Ave S
Minneapolis, MN 55408
(612) 377-101

- Interest: to help families where they live & local agencies where they operate
- ◆ Program of the Intergovernmental Minneapolis Youth Coordinating Board
 - ◆ Services provided:
 - Housing
 - Health care, Child care & Parental Information
 - Employment Training

Housing Initiatives/Resources

ALLINA HEALTH SYSTEM, EXECUTIVE OFFICER GORDEN SPRENGER
(parent company of Abbott-Northwestern, Children's Heath Care, Phillips Eye Institute)

- ◆ Homeownership Program
 - For renters in Phillips & its employees
 - Grants up to \$5,000
 - Must purchase home within 14 block area of Abbott Northwestern

AMERICAN INDIAN HOUSING CORPORATION
2020 Bloomington Ave
Minneapolis, MN 55404
(612) 813-1610

CORPORATION SUPPORTIVE HOUSING
708 S 3rd St
Minneapolis, MN 55415
(612) 376-8934

GREEN INSTITUTE, EXECUTIVE DIRECTOR MICHAEL KRAUSE,
PRESIDENT CANDACE CAMPBELL

- ◆ Grass roots effort focused on building a stronger neighborhood
- ◆ Developed an enterprise center next to Hiawatha Ave & 29th (site of former Waste Transfer Center)—Phillip's Eco-Enterprise Center → Jobs for Phillip's residents is a goal
- ◆ Takes salvageable items for demolition projects → owners may receive a tax deduction
- ◆

GREATER MINNEAPOLIS METROPOLITAN HOUSING CORPORATION
(NON-PROFIT HOUSING DEVELOPER)

15 S 5th St # 710
Minneapolis, MN 55402
(612) 339-0601

- ◆ Century Homes Program
- ◆ Has been building new homes in Phillips. Homes sell for \$86,000 to \$89,000 on average.

HABITAT FOR HUMANITY
3001 4th St SE
Minneapolis, MN 55414
(612) 331-4090

LIVABLE COMMUNITY ACT GRANT (METROPOLITAN COUNCIL)
MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

105 5th Ave S # 200
Minneapolis, MN 55401
(612) 673-5095

MINNEAPOLIS-ST. PAUL FAMILY HOUSING FUND

801 Nicollet Ave # 1840
Minneapolis, MN 55402
(612) 375-9644

MINNEAPOLIS HOUSING FINANCE AGENCY

400 Sibley St # 300
St Paul, MN 55101
(651) 296-8215

MINNESOTA MULTI-HOUSING ASSOCIATION, EXECUTIVE VICE PRESIDENT, MARY RIPPE

8030 Old Cedar Ave S # 202
Bloomington, MN 55425
(612) 854-8500

- ♦ FUNDS "*PHILLIPS TRANSITIONAL HOUSING*"
 - Available only to Phillips residents
 - Has at least 5 units dedicated to serving people who have been left homeless due to lead poisoning
- ♦ Works with property owners to comply with "Lead Disclosure Act"—houses built prior to 1953 have lead contents of up to 50% in the paint—new renters should receive a copy of EPA's pamphlet about the risks associated with lead poisoning.

PHILLIPS PARK INITIATIVE

- ♦ Renovated 3 Park Avenue Mansions into owner-occupied condo units
- ♦ Developed new duplexes, condominiums, and common green spaces on adjacent land (45 owner-occupied with some rental)
- ♦ Homes sell for \$100,000 to \$125,000
- ♦

PHILLIPS COMMUNITY DEVELOPMENT CORPORATION (PCDC),
MARY CROWLEY, EXECUTIVE DIRECTOR

PROJECT FOR PRIDE IN LIVING (PPL)

2516 Chicago Ave
Minneapolis, MN 55404
(612) 874-8511

ST. JOSEPH'S HOPE COMMUNITY HOUSING REHABILITATION PROJECT
URBAN VENTURES
3041 4th Ave S
Minneapolis, MN 55408
(612) 822-1628

Employment Resources

ALLINA HEALTH SYSTEM, EXECUTIVE OFFICER GORDEN SPRENGER
(parent company of Abbott-Northwestern, Children's Heath Care, Phillips Eye Institute)

- ◆ Interest: Concerned of public image as a health care provider + needs workers
- ◆ 150 entry level jobs set aside for Phillips residents
 - positions available:
 - clerical work
 - nursing assistant
 - housekeeping
 - dietary aid
 - no work history necessary
 - \$7.50-\$9.00 per hour
 - 3 weeks of training, child care, transportation, mentoring for 18 months, chance for promotion
 - Applications available at:
 - Abbott Northwestern Hospitals
 - Harriet Walker Building
 - 26th Street & Chicago Avenue S.
 - (612) 863-4338

HONEYWELL INC., CHIEF EXECUTIVE MICHAEL BONSIGNORE

- ◆ Corporate Headquarters located in Phillips, entry level positions available

AMERICAN INDIAN OIC (OPPORTUNITES INDUSTRIALIZATION CENTER)
1845 E Franklin Ave
Minneapolis, MN 55404
(612) 339-5506

- ◆ Not limited to American Indians
- ◆ Serves the largest number of welfare-to-work families in Phillips

COMMUNITY EMERGING SERVICE, DIRECTOR, REV. JOHN BONSAACH

- ◆ Car giveaway program to make welfare recipients more mobile
- ◆ Proved meals & housing assistance to neighborhood residents

EARLY CHILDHOOD RESOURCE CENTER

- ◆ Provides training for people who want to become child care providers

- ◆ Provides Child Care services

“LIVING ROOM CONCEPT”

- ◆ Funded by the welfare-to-work initiative sponsored by the McKnight Foundation

PHILLIPS JOB BANK

1815 14th Ave S
Minneapolis, MN 55404
(612) 871-2122

- ◆ Helps residents find jobs
- ◆ Site of a bank-teller training class administered by Goodwill/Easter Seal

WHAT'S UP

- ◆ Service which provides information about recreation & job programs
- ◆ (612) 399-9999 from 10 AM to 8 PM

Funding Resources to start a housing association corporation

MINNESOTA BANKERS ASSOCIATION

730 2nd Ave S # 700
Minneapolis, MN 55402
(612) 338-7851

COMMUNITY DEVELOPMENT AGENCY WORKING CAPITAL LOAN FUND

Focus: \$2.5 million loan guarantee fund designed to leverage bank financing for operating capital. Can be used for inventory, receivables, or other operations.

Funds: guarantees bank loans up to 75% of the first \$30,000, at a rate of 2-3% above prime

Guidelines: For Minneapolis businesses in operation for at least 12 months. Bars and restaurants are not eligible. Must be in business for one year or more and prove ability to repay loan.

Phone: (612) 673-5465
(612) 673-5072

NEIGHBORHOOD DEVELOPMENT CENTER INC. LOAN FUNDS

Focus: Improve neighborhood. Start-up and existing firms

Funds: Loans up to \$10,000 to \$200,000 with rates at 10%. Terms vary.
Guidelines: Must be a resident of St. Paul or Minneapolis with a business in the city. Some programs require that the business be at least one year old. Owner must complete a 16 week NDC business training program with the business plan worked on in class. For micro-loan program, business owner must make below the area median income and live in or start his/her business in one of the 13 targeted neighborhoods such as Phillips.
Phone: (612) 291-2480

MINNEAPOLIS FOUNDATION ENTREPRENEURS FUND

Focus: For working capital, equipment, receivables, purchase orders, site acquisitions, inventory and remodeling for businesses in Phillips, Near North, Harrison, Sumner-Glenwood, Elliot Park, Whittier, Stevens, Square-Loring Park Heights neighborhoods.
Funds: Loans from \$10,000 to \$300,000. \$2 million loan program.
Guidelines: Businesses must be open for at least a year, contribute to employment and service needs of the neighborhood, have a business plan and be willing to occupy and spruce up distraught properties. Repayment ability, sweat equity, collateral and management experience considered.
Phone: (612) 641-0398

PHILLIPS COMMUNITY DEVELOPMENT CORPORATION LOAN PROGRAMS

Focus: Targeted toward improving the neighborhood as well as to help start or revive small inner city or minority businesses
Funds: Loans from \$1,000 to \$300,000 from one of three loan funds totaling \$950,000.
Guidelines: Minneapolis businesses eligible. Some programs target low income neighborhoods. Will not fund liquor and tobacco establishments. Some funds have restrictions on retail loans. Must have a business plan and improving credit.
Phone: (612) 871-2435

NEW UNITY LOAN FUND

Focus: Working capital, inventory, and lines of credit

Funds: Loans from \$10,000 to \$50,000 with rates around 8% for five years. \$750,000 loan fund.
Guidelines: Must have at least a year of experience, business plan, business tax returns, some collateral. For every \$15,000 borrowed, one person should be hired.
Phone: (612) 522-4190

MINNEAPOLIS CONSORTIUM OF COMMUNITY DEVELOPERS
REVOLVING MICRO-LOAN FUND

Focus: Small business fund for start-up and existing business interested in improving their neighborhood.
Funds: Direct loans up to \$5,000. Guarantees for up to 80% of a \$10,000 bank loan. Rates run 2-3% above prime. \$300,000 fund.
Guidelines: Must have a business plan, good credit history (with some exceptions made), and located in Phillips as well as other neighborhoods such as the North Side, Northeast, Cedar Riverside, Elliot Park, Southeast, Northeast, Seward, Longfellow, Bancroft, Standish, Ericsson, Nokomis, Central, Powderhorn Park....
Phone: (612) 371-9986

MINNEAPOLIS URBAN LEAGUE REVOLVING LOAN PROGRAM

Focus: Any small business with an interest in neighborhoods
Funds: Loans from \$5,000 to \$25,000. Rates around 8% with negotiable terms.
Guidelines: Must be located in Minneapolis, have been in business for at least a year, and have two years of personal tax returns.
Phone: (612) 521-3017

MCDA's SBA 504 LOAN PROGRAM

Focus: Capital Improvements
Funds: Loans from \$125,000 to \$2 million
Guidelines: Must be located in Hennepin County, demonstrate an ability to repay. Business owner must provide at least 10 percent of total project costs. An SVA back loan provides 40% of funds, a bank provides the remaining 50 percent.
Phone: (612) 673-5465
(612) 673-5072

MCDA 2 PERCENT LOAN FUND AND MCDA BUSINESS DEVELOPMENT FUND

- Focus: Equipment and leasehold improvements
Funds: MCDA portion of loan will not exceed \$30,000. Bank loans must match or exceed MCDA portion. 2% rate on city money while bank rate is determined by the financial institution.
Guidelines: Must be in Minneapolis, able to demonstrate that repayment is possible, and loan must create at least one new job.
Phone: (612) 673-5465
(612) 673-5072

MCDA BUSINESS DEVELOPMENT FUND

- Focus: Assist the city's employment initiatives to improve neighborhood capacity
Funds: Loans up to \$75,000 available for 10 years at 3%.
Guidelines: Program forgives up to \$5,000 of loan for each Minneapolis resident the borrower hires and retains for six months. For the company to get the full reimbursement, employees must come through the Neighborhood Employment Network. For each city resident outside the network, \$2,500 can be forgiven.
Phone: (612) 673-5465
(612) 673-5072

WOMEN VENTURE MICROLOAN PROGRAM

- Focus: Business creation.
Funds: SBA loans available from \$500 to \$25,000 for start-up and expansion projects. Some programs come with a fee. Technical assistance is available.
Guidelines: For low income residents, minorities and refugees. Must have a solid business idea and detailed business plan.
Phone: (612) 646-3808

MINNESOTA URBAN INITIATIVE CHALLENGE GRANT PROGRAM

- Focus: Low income and minority businesses.
Funds: \$1,000 to \$300,000 with rates from 2 to 10 percent distributed through 16 nonprofit groups.
Guidelines: Eligibility varies with loan issuer. Must have a business plan, collateral, and financial records. Able to demonstrate rejection by

traditional lenders or have received only a partial commitment. Must be in a designated urban community like Phillips.
Phone: (612) 297-1291

METROPOLITAN ECONOMIC DEVELOPMENT ASSOCIATION (MEDA) LOAN PROGRAM

Focus: Small business loans to ethnic minorities
Funds: Loans from \$25,000 to \$300,000 from a \$5.3 million program. Terms range from one to three years. Rates range from 2 to 10 percent for certain programs and up to 3 percent plus prime on some bank funds. MEDA, six banks and the McKnight Foundation joint program.
Guidelines: Business must be 51 percent owned by an ethnic minority, in a low income community, and be in business for at least one year. Retail businesses are not eligible. Owner must demonstrate that the business will be able to create living wage jobs.
Phone: (612) 378-7853

MILESTONE GROWTH FUND LOAN FUND

Focus: Working capital, equipment, and acquisitions for small business owners who are ethnic minorities.
Funds: Loans from \$50,000 to \$300,000. Fixed rates vary. Terms from 4 to 7 years depending on credit worthiness. A Specialized Small Business Investment Co., \$2 million funded by the U.S. Small Business Administration. Can make loans or take equity positions in ethnic minority-owned firms.
Guidelines: Must have a business plan, three years of financial information, five-year projections, collateral (some exceptions). For some programs, businesses must be located in designated urban neighborhoods. Must show job creation abilities.
Phone: (612) 291-2480

HMONG AMERICAN PARTNERSHIP LOAN FUND

Focus: Start-up or expansion of Hmong business owners who can't tap into traditional bank financing
Funds: Loans from \$1,000 to \$10,000
Guidelines: Business must be in St. Paul or Minneapolis, getting matching private funds and serve the Hmong community. Applicants must

go through fund's nine-week business class, have financial data and a business plan. Any business except retail operations is eligible.

Phone: (612) 642-9601

Minneapolis Construction & Homebuilders

ADVANCED DESIGN INC
3128 Old Highway 8
Minneapolis, MN
(612) 782-0614

JOHNSON & JOHNSON BUILDING CO
121 Washington Ave S # 1702
Minneapolis, MN
(612) 305-0625

BUILTWEEL CONSTRUCTION INC
2601 Princeton Ave
Minneapolis, MN
(612) 920-4344

MARTIN HOMES BY HOMES YOU INC
2600 Wayzata Blvd
Minneapolis, MN
(612) 374-1280

CHARLES CUDD CO DESIGNERS
275 Market St # 139
Minneapolis, MN
(612) 333-8020

MC NULTY CONSTRUCTION CO
400 2nd Ave S # 650
Minneapolis, MN
(612) 339-0674

DEMPSEY/GRAY CONTRACTING INC
10425 28th Ave N
Minneapolis, MN
(612) 546-1100

NORTHRIDGE HOMES
1611 Highway 10 NE
Minneapolis, MN
(612) 780-8020

DRENZINGER CONTRACTING & DSGN
3429 31st Ave S
Minneapolis, MN
(612) 638-0581

PARADIGM HOMES
7164 Unity Ave N
Minneapolis, MN
(612) 585-1980

ERCO INC.
3231 Central Ave NE
Minneapolis, MN
(612) 789-8878

PLATINUM HOMES
4601 Excelsior Blvd # 323
Minneapolis, MN
(612) 920-2023

FIVE STAR CONSTRUCTION
1809 E Lake St
Minneapolis, MN
(612) 722-8908

RON CLARK CONSTRUCTION
7500 W 78th St
Minneapolis, MN
(612) 947-3000

GREATER MINNEAPOLIS HOUSING
15 S 5th St # 710
Minneapolis, MN
(612) 339-0601

RON CONRAD CONSTRUCTION CO
5913 Pleasant Ave
Minneapolis, MN
(612) 866-3577

GREG FRAZEE HOMES INC
121 W Franklin Ave
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INNOVATIVE DESIGN OF MINNESOTA
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WOODWIND HOMES
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